FBIS DAILY REPORT CONTENTS

Latin America

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INTER-AMERICAN AFFAIRS

C.A. Presidents Endorse Nicaraguan Talks [NOTIMEX] A 1
Bases for Nicaragua-Costa Rica Agreement Approved [Managua] A 1

ARGENTINA

Peru's Alan Garcia Arrives on Official Visit B 1
Addresses Congress B 1
Peruvian Loan Rate Reduced B 11
Alfonsin Speaks at Dinner B 12
Joint Declaration Signed B 13
Garcia Holds Press Conference B 14
Further on Press Conference B 15
Garcia Departs B 16
L.A. Army Conference Hears Falklands Plea B 16
Lines of Credit Exchanged With Poland B 17
Briefs: Grain Harvest Slumps B 17

BOLIVIA

Senator Cabezas on Drug Trade as Economic Problem C 1
Finance Minister Discusses Agreement With IMF C 1
Bedregal Proposes Tin Market Alternative C 2
Education Minister Discusses Economic Situation C 2
Court Wants Apolitical Trial of Garcia Meza C 3
Paris Paper LE FIGARO Interviews Hugo Banzer [15-16 Mar] C 3
Briefs: Armed Forces Inspector General C 4

BRAZIL

Government To Investigate Nicaraguan Training [O ESTADO DE SAO PAULO 15 Mar] D 1
U.S. Charge d'Affaires Summoned D 1
U.S. Mercenaries Allegedly Aboard Detained Ship D 1
Newspaper Contradicts Sodre Statements on Cuba D 2

CHILE

Junta Member on UN Report, Regan Remarks E 1
Cuadra on Regan, Guerrillas E 2
Del Valle on Delegation to PRC, Wagner Visit E 2
Government Renews State of Emergency Decree E 2

COLOMBIA

Hundreds Attend Fayad Funeral in Cartago F 1
Police Report 35 Guerrillas Killed Near Cali F 1

ECUADOR

General Vargas Held at Army Barracks in Aloag G 1
State of Emergency Lifted; Radios Reopened
Jorge Bracho Named New Health Minister G 2

PARAGUAY

Saldivar Says Comparison With Chile 'Unbearable' H 1
[Vienna DIE PRESSE 12 Mar]
Saldivar Evaluates European Trip H 1
[ULTIMA HORA 15 Mar]
South African Deputy Defense Minister Arrives H 2
[PATRIA 16 Mar]
'Levi Plan' Proposes Opposition Coalition H 2
[EL DIARIO 7 Mar]
Political Leaders React H 3
[LA TARDE 11 Mar]
Episcopal Conference's Statement on Dialogue H 4
[LA TARDE 13 Mar]
Official Defends Police Action in Alfonso Loma H 5
[LA TARDE 17 Mar]
Council of State Upholds Romeo Acosta's Immunity H 5
[HOY 14 Mar]

PERU

L.A. Parliament Head on Reagan Plan for Contras J 1
Terrorist Attacks Include Bombings, Murders J 1
Argentine Consulate Strafed J 1
Civil Guard Members Attacked J 1
Government Faces Wave of Stoppages, Strikes J 2
Air Force Chief Begins Talks on Mirage Deal J 3

MEXICO

Nicaraguan Official Condemns U.S. Policy M 1
Soviet Ambassador Discusses Nuclear Test Ban M 1
Views Disarmament, Foreign Debt M 1
President Rejects Foreign Solutions to Problems M 2
De la Madrid, Lusinchi Discuss Oil, Debt Crises M 2
Finance Minister Calls for Increased Exports M 4
Foreign Secretary Departs U.S. for Sweden M 4

PANAMA

Strikes Continue; Labor Code Amendments Passed N 1
Suspension of Rights Considered N 1
[EXTRA 17 Mar]
77 Percent Join Work Stoppage N 1
More on Management Strike N 1
[LA PRENSA 16 Mar]
Labor Code Amendments N 2
[MATUTINO 17 Mar]
Labor Minister Comments N 5
Briefs: New Area Envoys Appointed N 6

CENTRAL AMERICA

COSTA RICA

Monge Denies Existence of Accord With Nicaragua P 1

EL SALVADOR

Duarte on Possibility of Rebel Dialogue [EL MUNDO 15 Mar] P 1
Guatemala's Carpio Cited on Area Summit P 2
Gen Bustillo on Use of New U.S. Aircraft P 3
Citizens March in Support of Economic Measures P 3
Bomb Attack Destroys Census Bureau, Files P 4
Building Completely Destroyed P 4
Rebels Report Results of Transportation Stoppage P 5
[Venceremos]
Stoppage Lifted [Venceremos] P 6

GUATEMALA

Costa Rica's Arias Visits, Meets Legislators P 6
Vice President Carpio Prepares Regional Summit P 7
GAM Opposes Gen Lobos' Diplomatic Appointment P 7
Private Sector Disagrees With Economic Proposal P 8
Cotton Growers Criticize Government Policy P 8

HONDURAS

President on Actions of First 40 Days in Office P 9
[LA TRIBUNA 10 Mar]
Government Supports Salvadoran Peace Proposal P 10
Costa Rica's Arias Holds Press Conference P 10
Army, Sandinists Exchange Fire Along Border P 13
U.S. Troops Linked to Comayagua Health Problems P 14

NICARAGUA

Reportage on Reaction to Reagan Speech P 14
Ortega Comments P 14
Says Palme Death Benefits Reagan P 15
Radio Sandino Reaction P 15
Labor Leader Cited P 17
TANA Issues Communique P 17
Reagan Policy 'Interventionist' P 18
UN Representative Discusses Reagan's Policy P 19
Cuban Mixed Commission Concludes Work Session P 19
Agreement Outlined P 19
Government, EPS Honor Cuba's Arnaldo Ochoa P 20
[BARRICADA 12 Mar]
Costa Rican Ambassador Presents Credentials P 20
FDN on 'Increased' Military Operations in North [ACAN] P 21

CUBA

'Dangerous Tone' Alleged in Reagan Contra Speech Q 1
Aid 'Intolerable Interference' Q 1
Sasser Speech Noted Q 1
U.S. Envoy Habib Completes Tour of Area Q 2
Visit Seen as 'Pressure' Q 2
Guantanamo Base Modernization 'Provocation' Q 3
Rodriguez Meets Former Venezuelan President Q 4
Briefs: Ambassador to Ethiopia Appointed Q 4

CARIBBEAN

Caricom To Study CBI, TCF at July Summit S 1

ANTIGUA-BARBUDA

Bird on Need for Increased U.S. Economic Aid S 3

GRENADA

Blaize on Needed Aid To Cover Budget Shortfall S 3

HAITI

Government To Hold Elections 'Some Time' in 1987 S 4

JAMAICA

Seaga Announces Funding Program for Exports S 4

C.A. PRESIDENTS ENDORSE NICARAGUAN TALKS

FL171938 Mexico City NOTIMEX in Spanish 2342 GMT 15 Mar 86

[Text] Tegucigalpa, 15 Mar (NOTIMEX) -- Presidents Vinicio Cerezo and Jose Azcona of Guatemala and Honduras, and President-elect Oscar Arias of Costa Rica today said the Managua regime should hold talks with the Nicaraguan rebels. In a communique released here, Cerezo, Azcona, and Arias said they support a proposal by Salvadoran President Jose Napoleon Duarte advocating conversations between the Sandinist government and the contras in an effort to put an end to the ongoing armed conflicts on the Nicaraguan border with Honduras and Costa Rica.

The communique noted that because of their high offices and knowledge of the storm threatening Central America, the presidents know that peace and understanding can be found only through a dialogue as well as those peoples' solidarity in exercising democratic principles. The document added: Those of us who want to eliminate all possibilities of war will firmly support all measures, such as President Duarte's proposal, contributing to ending violence and bringing together the feuding sides.

The communique stressed that in addition to the support given to Duarte's initiative, the leaders are convinced that a broad and resolute effort by all democracies in the world is needed to persuade the Nicaraguan leaders to recognize the urgency of opening a dialogue and thus creating the proper conditions for achieving peace on the isthmus.

BASES FOR NICARAGUA-COSTA RICA AGREEMENT APPROVED

PA142323 Managua Radio Sandino in Spanish 0000 GMT 13 Mar 86

[Text] Today Costa Rica and Nicaragua approved the bases for signing an agreement for the control and supervision of their 398-km common border, under the sponsorship of the Contadora Group. A Nicaraguan delegation led by Nicaraguan Deputy Foreign Minister Victor Hugo Tinoco and a Costa Rican delegation led by Deputy Foreign Minister Gerardo Trejos met today -- under the auspices of the Contadora Group deputy foreign ministers -- at the Costa Rican Foreign Ministry to discuss the details concerning the permanent commission for border supervision and control. Reports from San Jose reveal that the bases established for the creation of the commission are as follows:

1. The commission will be composed of eight civilian delegates from the four Contadora Group member countries and four Support Group member countries;

2. The commission will be given the appropriate military advice for the better fulfillment of its role;

3. The commission will use two helicopters, eight four-wheel-drive vehicles for rural areas, and two motorboats;

4. The commission's expenses will be paid by countries which have offered their economic cooperation.

The commission will present a monthly report to the Contadora Group. A commission was appointed during today's meeting for drafting the Nicaraguan-Costa Rican agreement, and the document will be signed and implemented in the near future. The Contadora Group, through its deputy foreign ministers, states its satisfaction over the solution of the dispute between Costa Rica and Nicaragua concerning their border situation.

PERU'S ALAN GARCIA ARRIVES ON OFFICIAL VISIT

PY141407 Buenos Aires TELAM in Spanish 1342 GMT 14 Mar 86

[Excerpt] Buenos Aires, 14 Mar (TELAM) -- Peruvian President Alan Garcia arrived in our country at 1030 today, thus starting a 3-day official visit to Argentina. During his stay he will meet with President Raul Alfonsin, address Congress, sign a joint document, and give a press conference. Garcia was met at the Jorge Newberry Airport by President Raul Alfonsin and the members of his cabinet.

Addresses Congress

PY142358 Buenos Aires Domestic Service in Spanish 2124 GMT 14 Mar 86

[Speech by Peruvian President Alan Garcia Perez before special joint session of Argentine Congress held in his honor in Buenos Aires -- live]

[Text] Mr President; Messrs Legislators:

Upon greeting, in the name of the Peruvian people, those who represent the democratic will of the Argentine people, I wish to extend my gratitude for the warm welcome with which I was received, and through me the Peruvian people. I am here also to reassert what is part of traditional history: the friendship of our two nations and the deep affection that each Peruvian heart and home harbors for Argentina, which we believe is flesh of our own flesh and with which we share the common bond of being Latin Americans.

It is as a Latin American citizen that I am visiting this part of our Latin American land to categorically express that those of us who are responsible for installing a nationalist and just government in Peru are aware that any revolutionary effort that is limited to the borders of our own country will be a precarious and temporary effort. [applause]

This is why when we speak in Peru about a nationalist democracy, we are not only referring to Peru. We believe we are part of what will be a revolution at the continental level, and we understand that without a united Latin America there can be no deep changes in Peru. [applause]

We may be able to ease the impact of poverty but a revolution aimed at improving the well-being of the people, and acquiring development, and technology can only be achieved if we are able to join other nations and together make a great and important new decision.

Gentlemen: I am here as a Latin American citizen to offer and to seek solidarity for a single cause at a time when Latin America is becoming aware of its problems. I am here at a time when the foreign debt is jeopardizing our destiny; at a time when imperialist power is planning to intervene in our part of America and Nicaragua; at a time when all of us share the common problems of underdevelopment, misery, and a social order that in spite of our efforts is still unjust.

Gentlemen: Now more than ever it is our obligation to build a Latin American democracy whose revolutionary essence must be the bond that unites us in dramatic moments. Perhaps unknowingly, through their imperialist domination, our adversaries have compelled us finally to become aware of our unity. This is why my visit here is evidence of our solidarity in the beautiful process of building a new Latin America. I must add that if for some the visit of the president of Peru is a controversial issue, we believe it is a message of love. [applause]

The Latin American democracy will be built despite our differences, despite our disagreements; despite our selfish decisions. No one should give us any lessons; no one should show us the way. It is our duty to mutually support ourselves, and if we disagree on our decisions, we must share a strong will to support ourselves so as to maintain our solidarity in difficult times, and so that we Peruvians may know that an attack against Argentina is also an attack against Peru. [applause]

Peru is not a rich country in cannons or money. Peru has no imperialist leanings. It is a humble nation but a great nation in its moral power; great in its solidarity with Latin American nations. In its struggle throughout history Peru is and will always be beside Argentina.

This is why we have strongly identified ourselves with the recovery of democracy in this great country. This is a democracy whose path we are closely following because we feel it as ours, as does the great President Alfonsin, who is the moral expression of democracy in Latin America. [applause]

Like you, we also believe that democracy is the plural, common voice of the majority. It is also the broad avenue on which the people continuously write their history. We know likewise that the vanguard of democracy broadens our horizons.

In the development of democracy within our continent, first came the middle class, then the industrial workers, and afterward the peasants, who claimed their place; on this road of progress we are now paying homage to Hipolito Yrigoyen and Juan Domingo Peron as continental leaders. [applause]

We believe that democracy is freedom, that only the people may choose their rulers and also sanction them. We believe that there is no national problem that justifies a dictatorship, because the worst national problem is always a dictatorship. We believe that democracy means peaceful coexistence. The victory obtained by the use of weapons gives power by force. Force can win but its victory is always shortlived.

We know that we must learn the lesson from our recent past because democracy, gentlemen, means long patience. Now we know that any sort of violence leads to death, and it affects and hurts us that violence should have led us to the sacrifice of the youngest, of the students, of those who followed wrong ideals until death.

This is why this recovered democracy, whose moral values are personified in Raul Alfonsin, has learned from those historic lessons and has brought a message of life for all Latin America. Since democracy has to follow an ethical style, it cannot be abusive or arrogant, and it cannot loot. Democracy must be a factor of identification or closeness and most importantly in the case of the most humble citizens.

Politics involves good intentions, the limitations of reality, lack of understanding, and sometimes intransigence. This is why I repeat that democracy must be a daily effort of patience. At this point, because of their democratic conditions, our governments must first meet this challenge: Whatever our economic limitations or the intransigence found by our governments, our first obligation is to maintain human rights and respect for life. Nothing justifies torture. Nothing justifies disappearances or illegal executions. This is why from Peru, we greet this exemplary democracy, which for the first time has imposed a historic and necessary judgement on coups, teaching us that crimes against humanity will not go unpunished in future democracies. [applause]

The lesson taught by Argentina will serve as a punishment and warning to those who in the future dare to interrupt the people's democratic will. A moment ago I visited the Supreme Court of Justice in the name of Latin America to greet it as part of a democracy that punishes offenders. Thanks to Argentina, the times when dictators and coup plotters were ineffectively punished by history have been left behind. Thanks to the Argentine example, these people will be judged from now on by the law, not just by academic criticisms, but by imprisonment and shame. [applause]

If democracy represents freedom and the opinion of the majority, however, it must also represent a commitment of real transformation through justice. Democracy cannot coexist with exploitation and inequality. Democracy must exist to put an end to the unjust differences in the distribution of wealth and power opening the way to equal societies.

Democracy cannot exist if it is restricted by those who have wealth and privileges. [applause] Now that we are only 14 years away from the beginning of the third millennium, democracy cannot be what it was in the 18th century. Democracy without social change is not possible, and this is the second challenge for democracy in Latin America: to do justice without sacrificing freedom.

This is an example Peru can provide. We took office in the most serious crisis in the country's history with inflation and devaluation similar to those of other countries but with a much greater social reality of misery. In addition to all this, there was violence with thousands of casualties in recent years and with sensationalist reports about Peru spreading throughout the world.

Some people used to tell me that in the face of this situation it was necessary to have a government without a free press or labor unions and their collective demands, and without Congress and its control. We responded: Yes, we can be anti-imperialist and assure economic independence within democracy; the state can identify itself with the poor and the road to moralization can be started within democracy. All of these things can be achieved without getting away from democracy. It is not necessary to come out of exploitation to fall under the control of the state and the new domain class. It is not necessary to get rid of an economic domination to fall under another influence.

To those who believe that to achieve social revolution freedom must be curtailed, we reply that there cannot be socialism without freedom. Elections and decisions cannot be replaced by state bureaucracy or personal messianism. To be a democrat means to have confidence in the people, and in their capacity for understanding. To be a democrat means knowing how to explain and convince, not answering intransigence with totalitarianism. It means knowing that when the people understand the problems they will not be overcome by the magic solutions and demagoguery. The people may praise words but their permanent goal is moving ahead to victory.

Gentlemen, I have allowed myself to say these things to confirm our faith in democracy as the common faith of our government and people and to make a call to take advantage of this moment of the awakening of democracy which seems to be returning to consolidate a new Latin American democracy, a social, equal, anti-imperialist democracy, a democracy of the people and a government which dares to unite with other governments to give common answers to our common adversaries.

For us democracy is nationalism as a principle of identity, as the rescue of economic sovereignty and rejection of any intervention or condition. Democracy must define itself in response to the modern servitude created by the foreign debt and in defense of our natural resources. Nationalism does not mean seeing reality in terms of foreign and dominating theories. It means seeing reality with our own eyes.

The Cordoba University reform expressed this view of reality. This reform was seen by Victor Raul Haya de la Torre, the founder of my party. The Cordoba University reform was born in this land and it rescued the right to think and the building of Latin American culture. I say now using the same words of the Cordoba Manifesto: Men of a free republic, we must break the last chain tying us to the monarchy, and we must dare to decide to call things what they are. [applause]

We must follow the example of the reformers of the past. Even though I am in my mature years, I can still feel the impulse and vigor of the university reform. Driven by this impulse and this vigor, I will ask you to build up the concept of Latin American development, putting aside foreign dictated economic theories. Our history is the history of our increasing dependence on the world economy. In the absence of a continental plan, we have lived in isolation, adjusting ourselves to the interests of international capitalism. All our countries, without exception, have gone through the same thing.

We are raw material exporters between the middle of the 19th century and the great depression in 1930. Afterward, when international capitalism became the multinational industrial imperialism, we became buyers of factories and technology. On several occasions we concentrated equipment in some cities, developed new consumption habits, consolidated centralism, and fostered our own disintegration.

Later, in the 1970's, international capitalism sought to defend itself from high oil prices by increasing its sales, by increasing the interests on the existing debt, and by reducing the repayment terms. In the face of this situation, each one of us independently opened its borders, purchased foreign goods, destroyed its own industry, and agreed to the dramatic condition of contracting new loans to repay the debt.

Today we see -- we must see -- that the path that all of us have taken has led us to a blind alley. Yet this path has also exhausted our dependence. Therefore, the crisis has affected dependence itself. The crisis will not be solved without Latin American unity, without a sovereign determination. Neither will it be overcome unless we free ourselves from the theoretical taboos that have long governed us. Democracy is freedom and nationalism. Yet it must also be a model of growth and justice. Previous governments accepted IMF theories as absolute and universal principles for a long time.

Dressed in new clothes, the old doctrine of liberalism has been imposed as a theory that advocates internal adjustment in our economies. First, this doctrine advocates equilibrium between the Latin American economy and the economy of the rich countries. Yet by opening our borders to foreign products, we did nothing but destroy our factories and our productive sector. We will always maintain that each country's main commitment should be to its own development and that it should not turn into a mere purchaser in the world economy.

Second, the doctrine of liberalism calls for equilibrium among the economic indexes of each system, stressing that if prices rise, the currency must be devalued, and that after the devaluation the interest paid on loans must be increased. The result of this is an escalation of inflation, which in turn increases poverty.

We believe the liberal approach calls for a passive attitude on the part of the government in the economic sector. Democracy must govern the economy and prevent disorder. In this regard, I praise the substantial progress achieved by both Peru and Argentina, because we have decided to do away with devaluations and the interest rate hikes.

The liberal doctrine also calls for equilibrium between supply and demand, stressing that without supply it is not possible to increase demand. We have said in Peru that to reduce the demand and to lower the people's consumption levels also cause recession. We are aware that to increase demand without redistributing income and wealth could fuel inflation in Peru if we maintained the improper social structure that we have inherited. We believe that democracy must imply redistribution, and that it should restructure demand in order to avoid concentration. Thus, when we say that we can increase demand to boost the production of food and staples, we are talking about promoting demand to help those who do not have a job or who belong to the poorer sectors. Inflation in Peru is not caused by excessive demand or fiscal deficit. Inflation is caused by speculation and monopolistic earnings and by the scarce consumption of the people.

The reactivation we seek to promote in Peru does not imply the reactivation of the modern and centralized sectors alone. It primarily implies the reactivation of the Andean craftsmen and vendors, who belong to the poorer sectors and who are the majority in Peru.

Therefore while liberal principles affirm that the distribution of wealth and income must come as a consequence of a natural equilibrium, we reply that this so-called equilibrium only serves to cover up the domination by the powerful and that democracy should be interpreted as government action for equality. [applause]

Finally, liberal principles demand equilibrium in the international revenue flows because it is said that development depends on credit, and everything must be sacrificed for development. This is why new credits are being proposed to us so that we can continue paying. The truth is that these principles of equilibrium and contractions led us in the last few years to the present crisis, from which we can expect nothing in Peru.

This is why we have high expectations for the new ideas that are born in America in the face of the crisis. These ideas deny those realities that were once thought to be absolute. This is why our nationalism cannot be intransigent. It must turn into an effort to become aware of our reality and to propose a theory for growth.

In all, our proposal coincides with that of Argentina. We also propose to have a democracy with freedom, national independence, and justice and to serve as a model of state reconstruction. All these goals would only be temporary however, if they did not have a continental sense. Therefore, the objective of this unity, which is the legacy of independence, has currently turned into an urgent claim. If we want to free ourselves from the hegemony of the great powers and affirm our nonalignment, we cannot do it alone, but we can do it together. United as we are, Argentines, by the Andes, by our language, by religion, and by history, we must not be deceived by the bilateral treatment with which the financial system gains time.

Nowadays, it is also our turn to answer the Monroe Doctrine. During a cruel war a century ago, 1,500 Peruvians heroically resisted on Arica Hill. Among them was old Saenz Pena, who from that moment on became Peruvian to us, and who said the following in reply to the Monroe Doctrine: America for humanity. Nowadays, in this bipolar world, we must make progress by saying: Latin America for the Latin Americans. [applause]

United we must reply to any threat against any of us because even with our similarities and differences, we will only be respected if we remain united.

The moment demands that we speak up with a single voice about the Nicaragua issue. Some may say that there is no pluralism in Nicaragua, that the opposition is not heard there, that there is no freedom of the press. This might be the case. Others may say that the logic of events has led Nicaragua to this situation. This could be the case. We firmly believe in pluralistic democracy, but no one, and much less anyone from outside Latin America, is entitled to arbitrarily judge a process that emerged to overcome a totalitarian dictatorship, which had not been criticized before. [applause]

For this reason I greet the firm will of Argentine diplomacy, which together with Peru forms part of the Contadora Support Group, and which has made possible the Latin America presence in Central America through a civilian peace force to reduce pressures and to tell the international community that an act of hostility and intervention in Nicaragua will be an act of hostility and intervention against all of Latin America. I announce from this sovereign congress the Peruvian Government decision that if foreign forces invade Nicaragua, Peru will break relations with the aggressive power and make every effort to defend the brother country. [applause]

Neither regarding Central America nor the foreign debt issue can our countries and governments watch idly what is happening to their sister countries. We did not idly watch the Malvinas Islands conflict. We reaffirm now the Argentine sovereign right to those islands and wish to pay a heartfelt tribute to those who fell in that war, most of them young men. [applause]

Latin America cannot remain disunited. Economic subjection and the foreign debt are the modern forms of what occupation and military blockade meant in the past. The foreign debt is an issue that will have a far-reaching effect, irrespective of the decision or the position one might adopt. The debt, which can be traced back in history, has become a modern expression of imperialism. Its negative influence has steadily increased. All nations must understand that the debt is not an abstract issue that will never affect them. The debt has immediate effects on employment, food, and health. Whether directly or indirectly, the foreign debt has affected our salaries because of the interest rates charged by the creditor banks; and it has had a bearing on the government's expenditures. The debt has become the most burdensome tax paid by our peoples and countries.

At this point, I wish to welcome the efforts made by President Alfonsin, who was the first one to make a solitary and misunderstood effort to promote awareness within the continent regarding the significance of the debt issue. [applause]

We fully endorse the Argentine view that the debt is a political issue and that the creditors are equally responsible for the large debt. We endorse the view that we will not be able to pay our debt if we continue to accept usurary interest rates and if we remain passive in the face of the decline in our export prices.

We endorse the Argentine view of not passively accepting conditions in our economic policy. We again welcome the Argentine efforts aimed at promoting a concerted political action within our continent. On this topic, I wish to explain the Peruvian position I want to start by saying that each country has specific conditions, a different production structure, and a different standing in the international economic system. We believe that despite the independent courses of our actions, the most important thing is the need for solidarity with each other when any of us is threatened with problems.

We know that the debt was prompted by the unfair prices paid for our raw materials and by the disproportionate prices paid for products from developed countries. How much does oil cost now and what effects has this price drop had on the economies of Mexico, Venezuela, Ecuador, and Peru? What prices are being paid for meat and wheat, and what effects are these price drops having on the Argentine people?

We cannot regard as normal the laws governing the international market. To accept the colonialist powers used by the most powerful countries, and to endorse the ostensibly realistic position of those who expect prices to go up again, would make us fall into a passive, unsound, wait-and-see position.

Furthermore, to believe that our problems will be solved through a future worldwide expansion that will make the prices of raw materials rise is to rely again on a mechanism that has already failed us. We, the developing countries, have paid and will continue to pay for the expansion of the North and no developing country should expect exceptional or privileged treatment. Instead of waiting, we should understand that we must make a joint effort to promote Latin American expansion and the well-being of our peoples. [applause]

Yes, the wide gap stemming from the difference in prices had to be bridged with foreign loans, which have been sharply increased by the accruing interest. We regard interest as a brazen instrument to collect foreign currency and to cover the deficit of wealthy countries, especially of the most powerful country.

Several studies have shown that two-thirds of the Latin American debt has been deposited in industrialized countries. Therefore, we must ask them to disregard the immoral practice of bank secrecy and supply us with the names of the owners [applause] of these accounts because otherwise financial institutions will continue to be accomplices to the plundering of Latin America, and it would be unethical for them to continue collecting their money. Therefore, we should and must ask them why they are charging us if you are the ones who have the money.

In this regard we agree with and support the theory that interest rates for our debt should be much lower than what is presently charged, something like a Latin American interest rate that would drastically reduce the growth of the foreign debt. However, this interest rate must be established through a sovereign Latin American decision because it is very unlikely that it will be the result of a gracious concession by the powerful international economic groups.

In addition to high interest rates, there is also a hegemony and an overvaluation of the dollar as an international currency. This is precisely the core of the issue. When in 1946 the countries of the world signed the Bretton Woods Agreement, we agreed to fix the dollar rate based on a gold standard, but we did not agree to establish the dollar as an international currency to be issued by a single country. But in 1971, when the U.S. Government freed the dollar from the gold standard and made it nonconvertible, the Bretton Woods Agreement, which was signed in 1946, ceased to exist. Despite this, we continue to accept the hegemony of a single international currency; we continue to accept that there is a single international currency that is in the hands of a single country that issues this currency with absolute freedom, thus exporting its deficit; and we continue to accept the fact that there is a single country that can increase its interest rates at random affecting all of us. This is the truth.

This is why if we are to achieve a more just economic order for all countries, there must be a reform of the monetary system and equal treatment regarding the creation of world-wide liquidity.

We shall not resign ourselves to be subordinate satellites of a single country that prints money. If this fact is not accepted it is our obligation to cease complying with what is only the appearance, the empty shell of what was signed in 1946.

In this regard we support the declarations issued by the intergovernmental commission of the Group of 24, which calls for establishment of a committee of countries to study the reform of the international monetary system. But this situation will not be changed through complaints or words. In Peru we did not make a decision based on emotion, but on our belief that in the debt lay the historic power of debtor countries and on the fact that nothing or very little can be expected from the financial system since it will never act against its own intersts. On the contrary it will continue to implement its policy to divide and discuss issues at the bilateral level.

This is why we have made a sovereign decision despite the risks involved. To those who warned us about what might happen, we say that those who built our nations with suffering and blood in an adventurous undertaking aimed at achieving freedom and independence, would not have achieved their objective if they were to ask themselves, as many of us do now, what will happen if we decide to assume a role in deciding our own destiny. [applause]

Fellow Argentines: this is why we believe that the proposal made in Seoul, under the so-called Baker Plan, which offers new contributions to international credit, is simply more of what we have already experienced. It is merely a dissuasive offer aimed at gaining time that offers us a temporary solution that will only last a few months, in exchange for the acceptance of a condition that seeks to perpetuate a endure heavily-taxed multinational development structure.

We, gentlemen, like San Martin in spirit, believe that history must take another course. As the good San Martin said in Mendoz, it is true that we will have to a money shortage, a paralyzation of commerce and agriculture, face all kinds of hardships, and overcome all kinds of troubles. All this is nothing, however, compared to enduring the heavy and shameful yoke of slavery. [applause, shouts]

Nevertheless, in addition to all this, there is the IMF intervention and its formulas for Peru [corrects himself] whose formulas for Peru proved to be nefarious, destroying industry, throwing Peru into debt, devaluating the currency, and further impoverishing the poor. The IMF proposals for austerity and cutbacks in expenditures bowed, as we all know, to the substantial interests of the international financial oligarchy in order to create surpluses to satisfy their ravenous creditor ambitions.

What austerity can the IMF think about? The IMF is an organization that in the 1960's, when it was necessary to invest the petrodollars in credits, encouraged irrational indebtedness, unnecessary imports, and unproductive investments. This is the austerity about which the IMF is now talking. This austerity will bow only to the mandates and orders of the international financial oligarchy. Because we do not recognize the theoretical or moral authority of the IMF, we have decided not to apply its formulas in Peru or to accept it as a mediator before our creditors. [applause, shouts]

We have decided to prevent their technocratic missions from reviewing, fumbling, and orienting our economy, which is sovereign.

When speaking of the IMF, I could paraphrase Jose Hernandez [Argentine author] stating that I already know their tricks, their bargains. I know how they fix the game. They tangle it and mischievously manage it. I will untangle the skein even at the cost of my life. [applause, shouts]

For all these reasons and with the evidence of the heavy burden exercised by the foreign debt on our reserves and on the budgeted tax revenues, we have decided to restrict payments on our foreign debt to a value not surpassing 10 percent of our export revenues. [applause, shouts]

Some people say 15 percent while other people say 12 percent. This is just an unimportant detail. What really matters is that we have decided to set our own rules, to dictate our will, and to declare our independence. [applause, shouts]

Why? Because, gentlemen, that means to relate the value being paid to our manpower and our raw materials with the amount demanded for payment. This is not a demagogic action. It is not a fit of passion. It is the need to find again the right balance between our poverty, which was caused by them, and the development requirements demanded by our peoples.

Although we are being accused of having made a unilateral decision, we have done so not only for Peru but for the world's poor people. [applause]

We, the debtor countries, have complained a lot and have made many proposals. However, we think it is time to dictate our will. This does not rule out the possibility of being able and willing to negotiate with the creditors. This does mean to be able to first make a decision and then negotiate without mediators but within established boundaries.

In 1986, we are to pay much more than $2 billion just in interest on the Peruvian debt. In addition, we are to pay nearly $3 billion in overdue interest from 1984 and 1985. That is, in 1986 we would have to pay nearly $6 billion on the debt while the total value of our export revenues barely exceeds $3 billion. This is so because petroleum, copper, silver, and fishmeal prices continue dropping and because, owing to protectionism, purchases on our textile products and canned foodstuffs are being increasingly restricted.

Now you will clearly understand the reason for our decision. Some observers have said that the result of this decision will be an increase in the debt and in the interest rate. This is a pessimistic view, because from now on, our decisions will serve to change the prevailing situation, and we know that the future will be different, particularly if all Latin American countries take a common stand.

In addition, the debt issue involves two clearly different views: That of creditors, who believe that interests accrue, and that of debtors, who establish a ceiling for their payments and set their own rules, disregarding the interest that creditors take for granted.

Interest reflects the cost of money over a certain period. If a ceiling is imposed, the repayment period must be extended and the interest changed. This is the essential premise underlying the Peruvian decision. That is, the time periods should not mean the same to creditors and debtors. For the first time, the debtor will set his own time periods.

I admit that this decision has been made specifically for our country. It is not a model that we want to export as a messianic example. Neither is it a lesson, because all of us should admit that we are equal and we must be willing to find our similarities in spite of our individual differences.

Our decision has been borne out by the efforts that other countries, including Argentina, have made to ensure that their people will be respected.

The reply to this action and to other proposals has thus far been a warning: The country that breaks international rules will not receive much foreign aid. We need foreign investment, capital, and technology under just and nationalistic rules. We do not believe in the myth that commercial loans are the only or the essential tool for development.

If we review the estimates that we have reviewed so many times, we will conclude that loans are used to repay previous debts, thus increasing the interest to be paid in the future. We firmly believe that Latin America can grow and achieve its own development by changing the distribution of income, the decisionmaking structure, the consumption model, and the structure of the productive sector. Latin America can grow.

This morning, as I was flying from north to south over this vast country, which is also the country of all Peruvians, because it forms part of Latin America, a country where my wife, my life-long companion was born [applause], I saw for myself the wealth of Latin America. We believe that Latin America can grow and thus command the respect and independence that it deserves. In the case of Peru, we do not believe it will grow on the basis of a dubious accumulation of credits that will exhaust our capital. The Peruvian growth is intimately linked to the improved distribution of wealth and to the setting in motion of the productive apparatus, which has been battered by the crisis.

Possible commercial and economic sanctions have also been announced. It has been announced that Peru will be declared ineligible because it has not respected the theory of the International Monetary Fund. We choose to be ineligible.

A glance at Latin American history will show that its relations with international capitalism has always involved sanctions. The Roman 12-tablet laws stated that creditors could cut up the debtor's body in proportion to their credits. Later, the debtors who could not return their debts were sold as slaves. We say that the Peruvian national salary, which is the product of its exports, cannot be impounded, just as the law states that one's salary and his instruments of work cannot be impounded.

Argentines, on behalf of Peru I tell you that we will not be cut in pieces or sold as slaves. [applause]

I also know that the announced sanctions will not work if the Latin American countries, whatever our path, our position, and our decision, support each other, and if we agree that hostility against one of us means hostility against all of us.

This is why when it is said Peru is alone in making a sovereign decision I say as a Latin American that it is not so, I say that Peru is acting with and in name of the people of the continent. I say that Peru is with Argentina, the country from where the Drago Doctrine emerged in 1912 and from where the voice of solidarity will emerge. [applause]

When in 1912 a European fleet established a blockade around Venezuelan ports to collect a debt, a doctrine was named for an illustrious Argentine, who said that no one can forcibly collect a debt from a country. As a Latin American, I am convinced that in the event of a country being threatened, there will be enough voices and actions to enforce our original independence message.

Peru is behaving this way because it is confident of this principle, that the brother peoples of this continent will not put us down. For these reasons Peru has made this decision to first pay the historical debt of water, health, and work to all its people who are living in misery; not to renounce growth and at the same time to begin a process of better distribution.

These times in our continent demand the integration of our actions to turn something possible into an immediate reality. It has therefore been proposed among other things that the current Andean Reserve Fund, which groups five countries as an institution, include other countries in order to become a kind of Latin American reserve fund. It has also been proposed to hold a Latin American presidential summit, which would be historic if it is not called by the hemisphere's most powerful country. This should be thought of not as a one-time possibility but as a periodic and annual forum at which we can consider our decisions.

Besides the actions regarding Central America and the expenditures on weapons restrictions we are observing daily, the progress of a continent that is gradually being known as a single nation. Within this framework we salute the will of the Argentine people, headed by their president, for having provided a valuable solution to the Beagle Channel border dispute. [applause]

I reiterate, gentlemen, representatives of the people, now that I am concluding, that I am speaking in the name of Peru knowing that there will not be a possible and lasting transformation without continental unity. To the youth of this great noble country as well as of mine, I remind you that the revolutionary flag you will live under in the next century will be that of Latin American unity.

Now that we are nearing the third millenium, the forecasts and demands of the peoples have left a message saying; in the face of the debt and aggression, now is the time to build Latin America through unity because this is the revolutionary essence demanded by the future.

This is the Peruvian people's fraternal greeting and message. The economic anguish and the social problems will not force us to abandon the two challenges of our democracy: to affirm justice without renouncing freedom of life, and to consolidate our independence in a united way, as it was 150 years ago.

More out of feeling than of thought, we greet the Argentina of the old caudillos, of Guemes, Quiroga, of the large masses of workers, of the reformist youths, of the immigrants, we greet all the Argentines from the port, Pampas, and Andes by saying that Peru is close to them, and with the words of gaucho Martin Fierro I say: We will not lose the way, we make a good pair.

One hundred sixty-five years ago, San Martin arrived in our country and proclaimed Peru free and independent by the general will of its peoples. Today, to faces in the crowds and their dreams, we must say that Latin America will be free and independent by the general will of its people and by the fairness of the cause defended by God.

We will change the future, which to others seems distant, into a, transcendental, beautiful, and historical present by uniting ourselves now so those who come after us may know that at the critical moment we gained knowledge from our crisis, and capacity for action from our poverty. By all this, we Argentines and Peruvians, in the name of the poor peoples of the world, of those who dream, of those who wish for a tomorrow, in the name of justice, freedom, our aspirations for future, and our will, all of us, united, will turn our land into an authentic land of bread and freedom. Thank you.

Peruvian Loan Rate Reduced

PY152149 Buenos Aires TELAM in Spanish 2300 GMT 14 Mar 86

[Text] Buenos Aires, 14 Mar (TELAM) -- Argentine Foreign Minister Dante Caputo and Peruvian Foreign Minister Allan Wagner today agreed on a 1 point reduction of the interest rate charged on a loan Argentina granted to Peru in September 1981.

While Peruvian President Alan Garcia is visiting Argentina it was leaked that the foreign ministers have signed and exchanged notes implementing a reduction of the interest rate on the above-mentioned loan from 7.6 to 6.5 percent. The loan, totaling $200 million, may only be used to purchase Argentine-made products.

Alfonsin Speaks at Dinner

PY161346 Madrid EFE in Spanish 0331 GMT 15 Mar 86

[Text] Buenos Aires, 14 Mar (EFE) -- Argentine President Raul Alfonsin today agreed with Peruvian President Alan Garcia regarding the seriousness of the foreign debt problem, but advocated political dialogue between debtors and creditors. Speaking at the end of a dinner he hosted tonight in honor of the Peruvian president, Alfonsin said that the Latin American foreign debt created "the most serious and unjust crisis we are experiencing." The Argentine president asked for a reduction of the international trade situation and the limitation of transfer of resources from developing countries to the industrialized countries.

Alfonsin labeled the "Cartagena Consensus" as "the beginning of our answer to the most serious and unjust crisis we are experiencing: the foreign debt." Alfonsin said that "for Argentina the crisis is the result of a triple responsibility;" the contracting of the debt by the previous military regime, the "irresponsibility" of the international banks that loaned the money, and the fact that the "government assumed the debt and the losses created by speculation which had to be paid by the people."

Alfonsin, who spoke slowly in contrast with the energetic speech delivered by Alan Garcia in Congress a few hours before, made a call "to assume this issue with responsibility as a state and as a society." The president added: "In other words, carry out the necessary adjustments in our economies, reorganize public finance, fight inflation and make greater efforts to export." In addition, he stressed that "the developed countries must find new solutions for a problem that will not be solved by the market forces."

Alfonsin also said that "we have met our essential obligations. On the foreign front, we renegotiated with the best possible terms, and on the domestic front, we adjusted the economy and made every effort to ensure that the burden would be equitably shared." After stressing that "it has never been our intention to engage in a confrontation," the Argentine president, who turned 59 on 12 March, maintained that "it is clear that the debt problem will be solved through a political dialogue between debtors and creditors."

Concerning the Central American crisis, Alfonsin reiterated that "it affects us all," emphasized the work being done by the Contadora Group, and advocated a "balanced, reasonable, rational, and feasible solution." He then referred to the need for "a strictly Latin America alternative based on pluralistic democracy, the nonexistence of weapons and military bases in the area which could endanger peace, an end to military actions in the countries of the region, the absence of foreign troops or advisers, and the respect for human rights."

Shortly before leaving for the Buenos Aires Municipal Council, which hosted a dinner in his honor, the Peruvian president stepped out on the balcony of his room at the Plaza hotel in Buenos Aires and greeted some 1,000 people who chanted his name and sang the Peruvian and Argentine anthems and the "Peronist march." Visibly moved, Alan Garcia thanked the people for their expressions of appreciation and when the demonstrators shouted "he should stay," he replied "I will stay, I will stay with all Argentines, without exceptions."

Joint Declaration Signed

PY152251 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2137 GMT 15 Mar 86

[Text] Buenos Aires, 15 Mar (NA) -- The joint declaration signed here today by the Argentine and Peruvian presidents, Raul Alfonsin and Alan Garcia respectively, says that the two countries will provide each other with "reciprocal and effective" support on the measures implemented by either country "in accordance with its own situation" in defense of "the well-being of the people." They also ratified the principle "of self-determination and nonintervention" expressing their "firm support" for the efforts of the Contadora Group in Central America.

The joint declaration was released this afternoon after a meeting between the two presidents in the Olivos presidential residence. It represents a balanced synthesis of the position that the two governments have been sustaining independently. The presidents warned that the foreign debt "represents the most important political and economic problem being faced by the countries of the region. They said the debt problem is closely linked to the process of consolidating representative democracy in Latin America." In this regard they emphasized the need to hold a political dialogue leading to a "convergence of actions ensuring a thorough and stable solution, as well as equal distribution of costs."

They ratified their firm support for the Cartagena Consensus and decided "to join the efforts to maintain the necessary coordination among the debtor countries of the region to strengthen their capacity for solidarity and cooperation." The two presidents expressed concern over the "serious disproportion in the current cost-adjustment process, which falls exclusively on the developing countries" and reaffirmed "the principle of the shared responsibility of debtors and creditors for creating the debt and for solving the foreign debt problems."

They also expressed willingness to participate in the civilian commission for vigilance on the Nicaraguan and Costa Rican border and reaffirmed their support for the principle of self-determination of the people. In this regard the two presidents agreed on the importance of the Contadora Group and the Contadora Support Group, and on the need to stimulate "such forms of political cooperation within a broad scope through periodic meetings of the presidents of the region."

They also agreed on "the urgent need to democratize international relations and to establish a new international economic order to enable all countries to participate effectively in the decision-making process in the areas of peace, security and international development." In this regard the two presidents also called for "international justice in the distribution of the benefits of productive effort and progress." They also said it is necessary that "Latin America be recognized as an important participant in all matters related to the reorganization of international relations and the preservation of peace and security in the world."

The two presidents then emphasized "the growing agreement among all the countries of Latin America on the main issues of common interest and on the importance of progressive unity of convictions, ideas, and purposes, which have allowed the countries of the region to express themselves with greater unity and effectiveness." President Raul Alfonsin reaffirmed his willingness to support the bilateral and multilateral actions undertaken by the Peruvian Government aimed at preventing an arms race. On this issue the two presidents noted that the resources currently being appropriated for weapons should "be reassigned for the development and well-being of the people." They also expressed concern over "the never-ending nuclear arms race, which is increasing the threat of war," and warned that "the survival of mankind cannot depend on the concepts of security of the states which have nuclear weapons."

The Peruvian president confirmed "his government's firm support for Argentina's just claim of sovereignty over the Malvinas, Georgias, and Sandwich Islands, which have become an issue of great interest for Latin America." He also emphasized the importance of the recent Argentine decision granting Peru a $100 million line of credit to finance the purchase of Argentine agricultural and industrial products. Alfonsin and Garcia also instructed their foreign ministers to study the necessary measures for the preparation of a work program, and concrete proposals on matters related "to bilateral trade and compensated exchange, among other things."

They also expressed their "satisfaction over the growing democratization process in Latin America" and asserted that "the active solidarity among the democratic regimes will contribute to guaranteeing the preservation, defense, and full enforcement of freedom, and human rights." They also renewed their conviction that "democracy is the only adequate instrument to promote social justice and the well-being of the people and their right to self-determination within an international framework of full respect for the principle of nonintervention in the internal and external affairs of other states."

The joint declaration signed this afternoon also says that the Argentine and Peruvian presidents agreed to "strongly condemn terrorism in all its aspects" because "it is the most serious attack on human rights and the democratic system." Regarding the foreign debt, the two presidents said that for the Latin American countries the foreign debt "represents the most important political and economic problem being confronted by the countries of the region and that the debt problem is closely linked to the process of consolidation of representative democracy in Latin America."

They emphasized the necessity to hold political dialogues leading to a "convergence of actions to ensure a thorough and stable solution as well as an equal distribution of costs." In conclusion, they reiterated their firm support for the Cartagena Consensus and decided to join efforts to continue the necessary coordination among the debtor countries of the region to strengthen their capacity for solidarity and cooperation."

Garcia Holds Press Conference

PY161433 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1300 GMT 16 Mar 86

[All quotation marks as received]

[Text] Buenos Aires, 16 Mar (NA) -- Peruvian President Alan Garcia warned of the danger of "messianic leaderships or messianic leaders in Latin America, stressing that "we are witnessing the end of a historic process of dependence on international capitalism," and that we are about to begin "a new system, which we call continental and democratic, from the viewpoint of its own implementation, and also from an economic viewpoint." He added that the hemisphere "should be either for or against imperialism."

The Peruvian president made this statement during a press conference he granted at the General San Martin Cultural Center this morning shortly before leaving for Salta, where he will end his visit to Argentina which lasted just over 2 days. Garcia will stop over in Cordoba on his way to Salta. He will then fly directly to Lima.

During the press conference, Garcia denied that he can be regarded as "a Latin American leader," adding that this phrase was used "on the spur of the moment" in an introduction before one of his appearances in Buenos Aires. "I believe that Latin America needs the leadership of a clear idea, of an attitude, of a decision," he stressed.

He added: "I believe historic processes do not need messianic leaders or false personal or individual leaderships. I believe the worst thing that can happen to history is to attempt to identify it or synthesize it into a single person." He remarked that "I am absolutely convinced that people are only temporary, ephemeral. I believe that now we must be led by our own awareness and that we must understand that we are witnessing the end of a historic process of dependence in the relations between Latin America and international capitalism.

He added: "As we reach the end of this stage, we must become aware that we have to speed up its conclusion, so that we may enter the next stage, which we call the continental and democratic system, from the viewpoint of its own implementation and also from an economic viewpoint."

"I believe," he stressed, "that the worst thing that could happen to Latin America is to rely on individual leaders, because individual leaders cannot replace the people's awareness." Alan Garcia reiterated his criticism of the world financial centers, stressing that "Latin America must be either for or against imperialism."

Further on Press Conference

PY161501 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1355 GMT 16 Mar 86

[Text] Buenos Aires, 16 Mar (NA) -- Peruvian President Alan Garcia this morning said that "the Peruvian people are not going to let themselves be overcome by terror." Garcia made this statement upon denouncing the actions of the leftist terrorist organization Shining Path which he accused of advocating "the concept of violence for the sake of violence."

Garcia said that the government's antisubversive action being carried out "within the Constitution and the law" is again "returning the Andean values to Peru. This is one of the main issues of our policy: to rescue the Andes as a basic historic value, as a current force that comes from the Peruvian past."

The Peruvian president explained aspects of the struggle being carried out by his government against the Shining Path during a press conference given here this morning just before departing for Cordoba and Salta, the last stops during his visit to Argentina. He indicated that his government is carrying antisubversive repression "not disregarding law and order, and that the officials who were democratically elected by the people be respected because no government, and much less a nationalist government, can tolerate armed or coercive parallel actions."

Garcia also said that the Peruvian Government's "counterstrategy" in the face of subversive action "is to win over the impoverished zones through developments and a concept of nationalism and justice."

Garcia added that "we know that it is a long road" and that "what we ask the Peruvian people is to be patient in the face of this historic process and to understand that the process of violence is somewhat like 'modernization' in Latin America no one has escaped it."

Garcia emphasized that this process "is not only linked to poverty and development. It is also linked to the concept of violence for the sake of violence, therefore it is a game of patience for our democracy." He also pointed out that "our democracy struggles against the Shining Path and against violence, but not in the name of the international banks or in the name of any powerful monopoly." He added: Our democracy wants to transform Peru, and to do so it needs to struggle against subversive opinions and actions. I trust that all the Peruvian people advocate a new democracy, a social and economic democracy."

Garcia Departs

PY162242 Buenos Aires TELAM in Spanish 2227 GMT 16 Mar 86

[Text] Salta, 16 Mar (TELAM) -- Peruvian President Alan Garcia and his entourage departed from El Aybal Airport for their country just after 1900 [2200 GMT]. Just before his departure, the government of this province presented Garcia with a Salta poncho and a guitar.

L.A. ARMY CONFERENCE HEARS FALKLANDS PLEA

PY162305 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0010 GMT 15 Mar 86

[Text] Buenos Aires, 14 Mar (NA) -- Deputy Army Chief of Staff General Mario Sanchez today reiterated a charge, regarding the British military presence in the Malvinas Islands, which was made by the hemisphere's military institutions. He defined it as "a focal point of tension threatening the security and defense of the continent." Sanchez made these statements tonight during the ceremony to transfer the Permanent Secretariat Conference of American Armies [CEA] to Argentina, which will preside over it for the next 2 years. He also expressed the need for Argentina and Great Britain to resume direct negotiations. The ceremony took place in the Libertador Building, which houses the Army Staff, and the following people attended: President Raul Alfonsin, Defense Minister German Lopez, Defense Secretary Horacio Jaunarena, Joint Chief of Staff Brigadier Teodoro Waldner, Chilean Ambassador Arturo Fontaine, and military chiefs from all the countries of the continent.

In his speech General Sanchez recalled that during the last conference in Chile it "had been recommended" that the Argentine and British Governments resume bilateral negotiations "taking into account that the presence of an extracontinental force in the Malvinas is a focal point of tension threatening the security and defense of the continent."

Regarding what has been resolved about training, Sanchez emphasized that "courses are being taught" that "strengthen the values of democracy based on the idea that men of arms owe themselves to the communities from which they come. Therefore, they must respond by carrying out their role." Afterward, Sanchez said that "during these times of agression, the Armed Forces have a great responsibility to peace" and to the institutions that safeguard it within a framework of uncertainty and struggle in the world. Finally Sanchez recalled a quote by San Martin: "Either America becomes free by its own efforts or it will descend, humiliated, to the scaffold prepared by the tyrants."

The Chilean military attache, Brigadier Alejandro Gonzalez Samohod, said the conference's (objective) is to "achieve close understanding among the armies (?to undertake) a joint study of the problems of common interest, within the bounds of the Latin American continent in order to safeguard the security and the defense of the continent." The Chilean officer mentioned the ties of friendship that unite Latin American nations. He stressed the relations between Chile and Argentina, and he expressed the "faith of the Chilean Army in the future of the CEA."

The CEA consists of a conference among army commanders, which takes place every 2 years in a different Latin American country, and of conferences of experts in the fields of education, intelligence, science, and technology. The permanent executive secretariat of this conference has the objective of finalizing whatever agreements are reached during the conferences, and it acts as a temporary headquarters for the conference with the responsibility of organizing the next conference. Argentina will be in charge of organizing the 17th conference during the second half of 1987.

LINES OF CREDIT EXCHANGED WITH POLAND

PY131950 Buenos Aires TELAM in Spanish 1114 GMT 13 Mar 86

[Text] Buenos Aires, 13 Mar (TELAM) -- The Argentine Central Bank has extended a $40-million line of credit to its Polish counterpart to finance the sale of Argentine nontraditional exports to that country. Meanwhile, the Polish bank extended to Argentina a line of credit for a similar amount in order to finance between 80 and 85 percent of the Polish exports to Argentina. The agreement will be in effect for 3 years beginning 1 January 1985. It is the result of an accord that the two countries signed on 17 October 1984 so as to assure balanced bilateral trade during the 1985-1987 period.

The agreement states that the two banks will at all times facilitate the sales covered by these lines of credit while making sure to the extent possible that the reciprocal payments are balanced. The Argentine Central Bank relayed information about this agreement to the other financial institutions and furnished them with additional instructions for export and import operations.

BRIEFS

GRAIN HARVEST SLUMPS -- According to a report released yesterday by the Banco Ganadero Argentino yesterday, this year's grain harvest will be 14.2 percent less than last year's, for a total of 38 million tons. The wheat harvest will drop by an estimated 36.3 percent, 8.4 percent for the corn harvest, and 9.1 percent for the sunflower harvest. [Summary] [Buenos Aires BUENOS AIRES HERALD in English 11 Mar 86 p 3 PY]

SENATOR CABEZAS ON DRUG TRADE AS ECONOMIC PROBLEM

PY172143 La Paz Cadena Panamericana in Spanish 1130 GMT 17 Mar 86

[Text] Senator Daniel Cabezas, chairman of the Drug Traffic and Drug Addiction Commission, has spoken to Panamericana. One of the first questions put to Senator Daniel Cabezas was: Has drug trafficking increased in the country?

[Begin recording] Yes, we must say it has increased and that the problem, as we have stated, is not essentially a criminal or police problem but an economic problem. The effects of drug trafficking on the national economy, on inflation, on the administration, are great on the country. We believe that we will be in a very delicate situation until this problem is defined, until an attempt to relate it to other countries of the area or outside the area is made. Otherwise, there will be no positive response to any effort we make, whatever our economic model. [end recording]

The interior minister told the press that it will be very difficult to suppress drug trafficking if we cannot count on the necessary means [words indistinct] with 10 percent of the huge amounts involved in this illegal activity. Senator Daniel Cabezas said that this issue has not been discussed by the commission:

[Begin recording] The commission has not yet discussed this issue, but according to the guidelines given by our advisers, we must ask: 10 percent for what type of actions? For police operations, 10 percent would not be enough; to eradicate the cultivations, it will be far from enough. We want a general government policy to solve the problem, not just a police action. However, this would not be sufficient either, unless we balanced the national and international actions, be it in the Andean area or in the Latin American region. It is not only a matter of Bolivian-U.S. relations, it is a matter of relations between the international community, the region, and the area. [end recording]

Drug trafficking has created circles of power in many regions of the world. Radio Panamericana inquired if this type of power has been detected in our country.

[Begin recording] We believe that these sectors are not in the country. We can say that only a few reside in the country. They live abroad, and they mostly involve foreign economic interests, although we cannot deny that there are also Bolivians who handle large sums of money. Nevertheless, the drug traffickers who are in jail, whose cases have reached the courts and who have been punished are, in our opinion, the smaller cases, the small farmers, the ones who at one time or another have tried to do that type of work. As a matter of fact, punishing them would reduce competition for the big shots, because the smaller and weaker ones will be more persecuted. We believe that this control is unfair because, obviously, neither the country nor the police have economic, operational, or technical capacity to fight against these economic interests. [end recording]

FINANCE MINISTER DISCUSSES AGTEEMENT WITH IMF

PY132338 La Paz Illimani Network in Spanish 1700 GMT 13 Mar 86

[Text] Finance Minister Juan Careaga has reported that the economic aid from bilateral and multilateral agreements is $300 million. He also said that there are no disagreements with the IMF. Careaga added that various aspects regarding the stand-by loan will be determined with the IMF in the next few days.

[Begin recording] [Careaga] You know that we have to fulfill the requirement of submitting a budget and a tax reform.

[Question] How much is the economic aid?

[Careaga] Well, the important thing is not so much the financial aid from the IMF but the multilateral and bilateral aid resulting from the approval of the stand-by loan by the IMF.

[Question] Has any amount been promised?

[Careaga] The financial support we could get from multilateral and bilateral organizations is about $300 million.

[Question] Is the country in a condition to meet the IMF demands on matters of wages and the reduction of public expenditure?

[Careaga] What the IMF wants is balanced finances. The IMF does not establish conditions on wages, it wants something very important which is the presentation of the budget and tax reforms. [end recording]

BEDREGAL PROPOSES TIN MARKET ALTERNATIVE

PY121352 Madrid EFE in Spanish 1440 GMT 11 Mar 86

[Text] La Paz, 11 Mar (EFE) -- Bolivia has proposed the creation of an alternative marketing system to the International Tin Council (CIE) in view of the failure of the CIE negotiations to overcome the slump in tin prices on the London Metal Market. Bolivia is the fifth largest tin producer in the world, and tin is Bolivia's main source of income. Bolivian Foreign Minister Guillermo Bedregal last night said that the tin crisis has impacted negatively on the economic program of the Bolivian Government. He stated that "the price situation is very worrisome, for which reason actions aimed at overcoming this problem, which was caused by the tin-consuming countries, must be adopted."

According to the minister, "the creation of a new organization for marketing tin, an organization that remains independent from the pressures of economic groups," is the best way to overcome the crisis. According to Bedregal, "the private banks have sought to invest their money based on the qualified guarantees [garantia mandataria] for tin and has forced the CIE to impose high prices, creating an unrealistic situation that is having very serious consequences on the producing countries."

EDUCATION MINISTER DISCUSSES ECONOMIC SITUATION

PY142157 La Paz Cadena Panamericana in Spanish 1700 GMT 14 Mar 86

[Excerpts] Education Minister Enrique Ipina Melgar has delivered a dramatic report about the serious national economic situation in his address to the teachers union leaders this morning. Professor Ipina Melgar asked the teachers to understand the current Bolivian situation. He said that the country is currently living on the domestic sale of gasoline, which is overpriced, and from what is collected from taxes and customs duties. He said that the only source of foreign currency is the sale of gas to Argentina, while the Mining Corporation of Bolivia does not contribute a single peso. We reiterate that these statements were made by the education minister to the teachers union leaders in a meeting in the minister's office this morning. [recorded passage indistinct]

COURT WANTS APOLITICAL TRIAL OF GARCIA MEZA

PY141502 Madrid EFE in Spanish 0535 GMT 14 Mar 86

[Text] Sucre, 13 Mar (EFE) -- Guillermo Caballero Saucedo, president of the Bolivian Supreme Court, has stated that no political interference will be allowed in the trial of former dictator Luis Garcia Meza and 67 of his aides. The Supreme Court today will receive the documents collected by the Bolivian Congress, which is charging Garcia Meza; his former interior minister, Luis Arce Gomez; Waldo Bernal Pereira; and other civilians and military men of sedition, armed uprising, repression, political assassinations, and crimes against the state committed between 1980 and 1981. Garcia Meza and Arce Gomez staged a military coup d'etat against Lidia Gueiler Tejada's constitutional administration on 17 July 1980. Ms Gueiler has indicated that she intends to testify for the prosecution against the military junta that overthrew her. Earlier this month the Bolivian Congress unanimously approved bringing Garcia Meza and his accomplices before the courts to set a historical precedent against coups d'etat.

PARIS PAPER LE FIGARO INTERVIEWS HUGO BANZER

PM180955 Paris LE FIGARO in French 15-16 Mar 86 p 2

[Interview with Nationalist Democratic Action leader Hugo Suarez Banzer by Irene Jarry in Paris -- date not given]

[Text] Question: General, do you think that Bolivia is a governable country?

Answer: I think so. I governed it for 7 years, and that was an exceptionally stable period. My party -- which at present has a majority in Bolivia -- believes that permanent political instability prevents a country from progressing. That is why when we founded our party -- it will be 7 years ago on 23 March -- we proposed the true exercise of democracy. Last year we recognized the present government's legality and on 16 October 1985 we signed a "pact for democracy" with the ruling party which is unique in Bolivia's history. This is the first time that an opposition which has won elections and should be in power has offered to sign such a pact with a party that is governing in its place. This pact guarantees political stability and assures the government of our political support in maintaining democracy and modernizing the state.

Yes, I think it is possible to govern the country. I have faith in Bolivia because I experienced 7 years of stability, without a political pact, and now, with the pact for democracy, I believe that it is even more possible to govern.

Question: You said that to put the Bolivian economy back on its feet it was necessary to carry out surgery without anaesthetic. What do you mean by this expression?

Answer: The previous government left the country's economy in a worse state than ever before. The remedy lies in very painful measures of economic adjustment. It is not possible to have an anaesthetic for this type of pain.

Question: Are you suggesting a kind of "Southern Plan?"

Answer: Yes, and if possible in an even stronger form. In Argentina inflation was very high, but in Bolivia we have hyperinflation, expected to be around 30,000 percent [as published] in 1986, and this is a serious handicap to the economy which can only be cured by direct action.

I cannot tell you more because I am not a member of the government. What my party is suggesting is that human, social measures be found.

[Question: How strong is Nationalist Democratic Action, ADN?

Answer: We form the main opposition force, but it is a responsible, not a blind opposition. We have political influence over the government, which has asked for our help in administering some state enterprises which are going very badly, for the good reason that the government knows that we have good professionals, which it does not have. It has therefore asked for our aid in administering, not in governing. For instance, we administer the airports, railroads, and insurance and banking sectors without any power struggle. It is not a question of helping a particular but of helping Bolivia through a government. This is the new mentality of a new party.

Question: What do you think of the influence of the Workers' Trade Union Movement, COB?

Answer: In Bolivia there are elements exercising power and elements exerting pressure. As far as power is concerned there are the executive, parliament, the judiciary, the political parties, and the Army. As far as pressure is concerned there are the COB, private enterprises, the press, the Catholic Church, and the peasant movement. When all these elements are balanced the country runs smoothly. When an element exerting pressure gains the upper hand, as a result of government weakness, inefficiency, or internal dissension, things go badly. Recently the COB had become stronger than the government and succeeded in bringing 150,000 miners onto the streets. Since then the government has put the COB back in its place and restored a balance.

Question: You won a relative majority in last year's elections. However, parliament did not put you in power and some people expected a military coup. That did not happen. Do you still have a great deal of influence over the army?

Answer: I do not think so. I am simply a member of the family. I respect the Armed Forces. But it is true that, when young officers expressed an intention to take action last year, I said no and they obeyed. Let us say that I had a positive infleunce.

Question: There will be presidential elections in Bolivia in 3 years' time. Will you be a candidate?

Answer: That will depend on my party. It will decide who will run.

Question: You seem to have a great influence over Bolivian political life. Is it not possible to say that there is an official president and an unofficial one?

Answer: No. Some people in Bolivia say that Paz Estenssoro has the government and I have the power. But I do not use that power and do not want to use it. I simply want to cooperate. I am not demanding or asking for anything, I am making suggestions.

BRIEFS

ARMED FORCES INSPECTOR GENERAL -- General Felix Villarroel Teran has been appointed new inspector general of the Armed Forces to replace General Gary Prado Salmon. [Summary] [La Paz PRESENCIA in Spanish 26 Feb 86 p 8 PY]

GOVERNMENT TO INVESTIGATE NICARAGUAN TRAINING

PY171254 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Mar 86 p 2

[Excerpt] Brasilia (ESTADO) -- The government will investigate a report that Brazilian citizens are receiving military training in Nicaragua. The investigation will be conducted by Itamaraty, and not, as was previously the case, by the National Intelligence Service (SNI). Itamaraty spokesman, Ruy Nogueira, yesterday admitted that the U.S. Government has reliable information on the presence of Brazilian citizens in Nicaragua. He confirmed that the Brazilian Government will investigate this report.

Nogueira rejected, however, the Reagan administration's decision to use the information to improperly involve Brazil in its efforts to obtain funds for the anti-Sandinist Nicaraguan guerrilla fighters, who are also known as "contras." Brazil conveyed its rejection of this action to the State Department which, in a letter of apology sent to Itamaraty, already admitted having made a mistake.

U.S. Charge d'Affaires Summoned

PY180102 Paris AFP in Spanish 0014 GMT 18 Mar 86

[Excerpts] Brasilia, 17 Mar (AFP) -- The Brazilian Foreign Ministry today summoned U.S. Charge d'Affairs Alexander Watson to ask him for an explanation of President Ronald Reagan's statement that Nicaraguan communists are supplying Brazilian extremists with weapons.

Speaking on television on 16 March, Reagan said among other things that the Sandinists are supplying military training, shelter, communications, forged documents, safe conduct passes and sometimes even arms to extremists in seven countries. Reagan mentioned Colombia, Ecuador, Brazil, Chile, Argentina, Uruguay and the Dominican Republic.

Itamaraty spokesman Ruy Nogueira announced that the Brazilian Foriegn Ministry has asked Watson to get in touch with his government to obtain any explanations it might have concerning Reagan's remarks. This is the second time in less than 1 week that Itamaraty has raised questions regarding statements of high U.S. Government officials about Brazil. On 14 March, Nogueira disclosed a letter received from Assistant Secretary of State Elliott Abrams clarifying remarks of Secretary of State George Shultz.

U.S. MERCENARIES ALLEGEDLY ABOARD DETAINED SHIP

PY180136 Madrid EFE in Spanish 0023 GMT 18 Mar 86

[Text] Rio de Janeiro, 17 Mar (EFE) -- Eight U.S. citizens who claimed to be mercenaries and 10 Argentine citizens were arrested for illegally entering Brazil aboard the Panamanian-flag carrier Nobicotor [name as received] which was also carrying 6 tons of weapons. Regional Federal Police Superintendent Fabio Calheiros Vanderley today reported that the port of origin and destination of the ship are being investigated, and that the possibility that the destination could be a Central American country involved in a conflict has not been ruled out.

The prisoners reported that the ship was coming from Argentina on its way to Ghana, and was forced to stop in Brazil without the appropriate documents because of mechanical problems.

Calheiros reported that the materiel seized included pistols, submachineguns, rifles, grenades, sundry ammunition, fatigues, first-aid kits, and four rubber landing craft. He also said that the U.S. citizens claimed to be Vietnam veterans on their way to Ghana as mercenaries.

Argentine Embassy sources in Brasilia told EFE that the Argentine consulate in Rio de Janeiro will provide the arrested Argentines with legal help as long as the problem involved is merely a violation of immigration laws. The sources stressed, however, that this help will be withdrawn if Brazil accuses them of piracy, arms trafficking, or anything that has to do with mercenaries.

The information the Argentine Embassy has is that the Panamanian flag carrier was sailing to Ghana and belongs to a legally registered corporation. According to the police, until the investigation is over, the crew of the Nobicotor will remain under detention at Federal Police headquarters in Rio de Janeiro, charged with illegal entry. Meanwhile, Justice Ministry sources told EFE that if no charges of piracy or arms traffic are brought against them, the prisoners will be deported.

The police found 6 tons of arms inside two containers bearing the inscription "secret military materiel" after arresting several crewmen without identity papers on a beach in Niteroi, a city near Rio de Janeiro. The others were arrested on board the ship by Federal Police agents. The prisoners are Argentines Eduardo Giraldoni, captain of the ship; Jose Luis Marrone; Alfredo Lopez Adrian; Alberto Celiberti; Oscar Fiadino; Wenceslao Alegre; Daniel Arturo Echevarria; Julio Galeano; Lidio Paez; and Alfredo Hugo Yanez; and U.S. citizens Edward Robert Fot, Steven Warren, Federic Verduin, Sheldown Ainworth, Larrazabel Rodriguez, Steven Sosa Villa, Michael Carmoty and John Dee Earry.

NEWSPAPER CONTRADICTS SODRE STATEMENTS ON CUBA

PY171150 Madrid EFE in Spanish 1250 GMT 16 Mar 86

[Excerpts] Brasilia, 16 Mar (EFE) -- The Brazilian morning newspaper CORREO BRASILIENSE today reported that the Cuban Government is getting ready to reestablish diplomatic relations with Brazil and that it has already appointed its future ambassador in Brazilia. The report seems to contradict the statement made last weekend by Brazilian Foreign Minister Abreu Sodre who told Brazil's Radio Nacional that Brazil will not reestablish relations with Cuba this year. He explained, however, that the issue remains on the agenda.

In the meantime, Cuban diplomats are openly traveling throughout Brazilian territory, visiting various regions, and contacting state government officials. CORREO BRASILIENSE also said that Fidel Castro is anxious to normalize relations, but that he does not want to exert any pressure. Cuba plans to import consumer goods and technology, especially regarding the processing of sugar cane, and will also try to sign several cooperation agreements.

JUNTA MEMBER MERINO ON UN REPORT, REGAN REMARKS

PY180228 Santiago Radio Chilena in Spanish 2300 GMT 17 Mar 86

[Text] Admiral Jose Toribio Merino Castro this afternoon stressed that White House Chief of Staff Donald Regan is an insolent person and a meddler. This high-ranking U.S. official has stated that for the time being the U.S. Government has no intention of overthrowing General Pinochet. In statements that he made at the Diego Portales Building, the high-ranking member of the Government Junta criticized the human rights report that was drafted by Fernando Volio, a UN special observer.

[Begin Merino recording] The United States [words indistinct] doing it that way and he does not like it, just bad luck. All of the 220 million human beings, or 230 million, that live in the United States observed on television approximately 1 month ago as the Challenger exploded and all the people in it died. The investigation that has been carried out up to the present time has shown that there was a serious deficiency in the leadership of NASA and that there were serious technical deficiencies that were known at the time but were not resolved. In general, I can say that without being there [words indistinct] those deaths could have been avoided if there had been a little more desire to serve the nation.

Now then, what has this got to do with us? It has to do with us because within a few days, within a few weeks, elections are going to be held in the United States in which the current government is, up to a point, placing its representation on the line in Congress -- in other words, its representation in Congress, whether in the House of Representatives or the Senate. Therefore, it is a question of getting the Americans to forget, to divert their attention, from the problem which has just occurred and which impairs the prestige of the current government. I believe that one way of diverting their attention is to seek a scapegoat. That is what they are doing, because the question of human rights is very important in the United States and it just happens that Chile is the scapegoat. Mr Volio came here and he looked here and there and he said that everything was in order, and then in his report he stated something quite different. [end recording]

Asked about remarks by White House Chief of Staff Donald Regan regarding the fact that for the time being the United States is not seeking to overthrow General Pinochet, Admiral Merino answered:

[Begin recording] It means that he is an insolent person and that he is not a politician, he is simply a meddler, and because his is a large nation he does not care about insulting a smaller nation. That is pure insolence. And you must recall, all Chileans must recall, that Chile had fights with the United States throughout the last century. The last great fight we had was the war by Peru and Bolivia against Chile. The United States tried to get us to return the provinces of Antofagasta and Tarapaca, which we had conquered. And, if it had not been for [words indistinct] we would have lost it. [end recording]

Admiral Merino was then asked about Chilean-U.S. relations.

[Begin recording] Diplomatic relations with the United States are very good. But, that does not mean that at this time I consider the United States a good friend. [end recording]

Admiral Merino this afternoon opened the first Legislative Commission session in a century at the Diego Portales Building.

Cuadra on Regan Guerrillas

PY171816 Santiago Domestic Service in Spanish 1730 GMT 17 Mar 86

[Excerpt] Minister Francisco Javier Cuadra has labeled the statement by White House Chief of Staff Donald Regan, who said that for the time being the U.S. Government would not try to destabilize the Chilean Government, as regrettable. Cuadra was asked about this statement after his lecture at the Carabineros School, marking the beginning of the academic year.

[Begin Cuadra recording] That was a declaration made during a press conference which I personally find regrettable [passage indistinct] [end recording]

With regard to other declarations in Washington in which Ronald Reagan accused Nicaragua of training and supplying the guerrilla groups in South America, Minister Cuadra said that the accusation is true.

DEL VALLE ON DELEGATION TO PRC, WAGNER VISIT

PY152049 Santiago Domestic Service in Spanish 2300 GMT 14 Mar 86

[Text] Foreign Minister Jaime del Valle has reported that Deputy Foreign Minister Sergio Covarrubias will head a Chilean cultural delegation to the PRC in April. Originally this delegation was to have been headed by the late Ambassador Carlos de Costa Nora, who died tragically in Venezuela.

[Begin del Valle recording] The president yesterday made a decision [words indistinct] the PRC. As you know, the delegation was to have been headed by Ambassador Costa Nora. In view of the tragedy, the president decided that the delegation will be headed by the deputy foreign minister. Yesterday we held a long conversation with Covarrubias about the trip. The president and I instructed him to continue the Chilean-PRC talks in Beijing [words indistinct]. I am very happy that the deputy foreign minister is in a position to make this trip and I believe it is very important for him to go. [end recording]

Minister Del Valle also announced his upcoming trip to Asia, Indonesia, and Pakistan, where he will hold meetings with the ambassadors from the European and Asiatic areas. Foreign Minister Jaime del Valle said that Peruvian Foreign Minister Allan Wagner will visit Chile in May.

GOVERNMENT RENEWS STATE OF EMERGENCY DECREE

PY141232 Paris AFP in Spanish 1208 GMT 14 Mar 86

[Text] Santiago, 14 Mar (AFP) -- The Chilean military government today issued a decree renewing the state of emergency throughout the country for another 90 days, to prevent public order from being disrupted and internal or foreign threats to national security. As long as the state of exception is in force, President Augusto Pinochet will enjoy special powers established through the exceptional constitutional measures to restrict individual guarantees and the rights of the citizens.

HUNDREDS ATTEND FAYAD FUNERAL IN CARTAGO

PA172251 Bogota Television Service in Spanish 0100 GMT 17 Mar 86

[Text] Five guerrillas killed in the mountainous areas of Cali in clashes between 3d Infantry Brigade units and a column of the self-named America Battalion will be buried in a common grave. At first it was believed that Alvaro Fayad's body had also been buried in an unknown place, but the guerrilla's relatives have claimed his remains, which were buried in Cartago. Here is a report by Raul Benoit.

[Begin recording] [Benoit] Guerrilla leader Alvaro Fayad Delgado was buried at the Cartago Diocesan Catholic Cemetery yesterday, attended by a large gathering. Fayad's body was brought from Bogota at 1700 on Saturday with a large police escort. At the El Dorado Airport, calls were received warning of bombs allegedly planted in a waiting room. A piece of luggage containing garbage had been abandoned beside a chair. Fayad's body was transferred first to a regular Bogota-Pereira flight and then taken by land to Cartago. Hundreds of people attended the funeral service, which was held at the San Francisco Church. At 1930 the guerrilla was buried in the midst of a multitude shouting M-19 slogans. Did you plan the demonstration and the presence of so many people?

[Unidentified speaker] Well, as you can see, in Bogota where we spoke we avoided contact with the press or with people who would prevent the type of ceremony we wanted, the familiar atmosphere we wanted. Unfortunately, there are traffickers of grief who distort reports, and newspapers say things that are not true.

[Benoit] Do you believe that Alvaro Fayad's death was unnecessary?

[Speaker] I do not believe that anyone who has led a life of sacrifice, devotion, and honesty toward his ideas, as he did, could be believed to have suffered a useless death. I believe his death is a tribute to his life and his conscience.

[Benoit] After the funeral a sympathizer apparently fired a shot, prompting a show of security around the cemetery. Relatives and close friends promptly left the area. During the night and throughout today, Sunday, the guerrilla leader's tomb has been guarded by the police. Meanwhile, M-19 spokesmen have confirmed that the group's leadership is now formed by Carlos Pizarro, Antonio Navarro, Marcos Chalitas, Gustavo Arias, Libardo Parra, Israel Santamaria, and (?Edward) Bustamante. They denied that members of the organization are contending for power. [end recording]

POLICE REPORT 35 GUERRILLAS KILLED NEAR CALI

PA162223 Bogota Radio Sutatenza Network in Spanish 1200 GMT 14 Mar 86

[Text] A total of 35 guerrillas were killed today in the vicinity of Cali, according to reports from the Cali Police Department which has laid a seige on the guerrillas in joint operations with the Army. The bodies of the subversives were found in several places. Weapons left behind by the guerrillas have also been found. Here is a report by Aldemar Dominguez, Sutatenza's correspondent in Cali:

[Begin relay] Good morning. The 3d Army Brigade in Cali has reported that no clashes have occurred in the last few hours in southern Cali. However, search operations have been stepped up in the last few hours. Seven batallions of the 3d Army Brigade are conducting an air and land search for the guerrillas. In Cali's Agua Blanca district, a column of subversives presumably belonging to the M-19 set fire to a bus of the urban transportation service last night. Finally, former Governor Libardo Lozano Guerrero will be buried here in Cali today. He died Wednesday night in a plane crash near Medellin. [end relay]

GENERAL VARGAS HELD AT ARMY BARRACKS IN ALOAG

PA170322 Quito Voz de los Andes in Spanish 1230 GMT 16 Mar 86

[Text] General Frank Vargas Pazzos has been held under strict military guard at the Army Victors Battalion barracks in Aloag since his capture Friday after his rebellion at a Quito Air Force base was defeated. Today there were rumors about the fate of the dismissed FAE [Ecuadoran Air Force] commander following his foiled armed uprising. One thing was certain: Vargas had been taken from Quito since he was neither in the military hospital nor in a private hospital, something that obviously was impossible to expect.

An investigation conducted by the newspaper EL COMERCIO led to Aloag. Reliable sources said the general is there. Official sources have neither denied nor confirmed the report. Although no civilian has seen the arrested man inside the barracks, it is almost certain that Vargas was taken there immediately after he was captured at the Quito air base. The general was given medical attention at the air base by three doctors from the military hospital. Afterwards, he was taken by ambulance to an unknown destination. It was believed that he had been admitted to a health center, but the fact that he was arrested at the base led observers to discard this possibility.

Well-informed sources later revealed the general's whereabouts. A reinforced military force is guarding the arrested man while judges prepare to begin the legal process that Gen Vargas must face as a result of his armed adventure.

The Quito air base has returned to normal since noon Friday when Army troops seized the installations under the control of rebel Gen Frank Vargas Pazzos, the Public Information Secretariat has announced. The secretariat reports that General Joffre Lima, who headed the operation, noted that one cannot speak of an actual confrontation between Ecuadoran troops. There was only light resistance from a small FAE group who changed their position because of the rapid flow of events.

Gen Lima said the installations suffered slight damage and that the casualties were the most regrettable part of the situation caused by circumstances resulting from the attitude and position of one individual, alluding to Gen Frank Vargas without mentioning him. FAE and Army members are talking; there is no rancor and no retaliation. We are going to return the base to the FAE since the situation is completely normal now, said Lima.

It has been officially reported that schools will remain closed until an order to the contrary is issued. Apparently, the schools will be closed as long as the state of emergency is in effect. Due to recent events, the state of emergency has not been lifted. The education minister, who announced this yesterday, said that he will announce the date when classes will be resumed. It has been unofficially reported that the state of emergency will be lifted on Monday if public order is not upset. Classes could be resumed either Tuesday or Wednesday of this week. In any event, the Education Ministry has said that the missed school days will be made up at the end of the school year so that the 185 school days established by the education law are met.

The high-level investigative commission organized at the request of President Leon Febres Cordero to analyze the accusations made by Gen Vargas, Army General Luis Pineiros, and Division General Manuel Albuja will be formed with the following retired high-ranking officers: Rear Admiral Manuel Nieto Cadenas, Division General Enrique Calle Solano, Division General Gustavo Banderas Roman, Division General Leopoldo Mantilla, and Air Force General Jorge Salgado Murillo. The commission will gather all the information it can and present its conclusions to the chief of state.

STATE OF EMERGENCY LIFTED; RADIOS REOPENED

PA171803 Madrid EFE in Spanish 1704 GMT 17 Mar 86

[Text] Quito, 17 Mar (EFE) -- The Ecuadoran Government today lifted the state of emergency it had established on 13 March as a result of the rebellion of General Frank Vargas. The government also lifted the closing of about 10 radio stations in Quito that it had ordered closed in application of the state of emergency.

Vargas carried out an initial rebellion on 7 to 11 March in the air base in Manta (396 km southwest of Quito). After ending his action, he was held at the base in Quito where, despite being under arrest, he rebelled again and called on the people to rise against the government. This rebellion ended with the storming of the Quito base which, according to official sources, left four dead and nine wounded and led to the arrest of Vargas, who will be court-martialed.

JORGE BRACHO NAMED NEW HEALTH MINISTER

PA201705 Quito Radio Quito in Spanish 2300 GMT 19 Feb 86

[Excerpt] Jorge Brancho today became health minister, replacing Dr. Virgilio Macias. Bracho was sworn in during a brief ceremony held in the Yellow Room of the Presidential Palace. The new minister expressed his appreciation for the responsibilities given to him. He said he will work with dedication. President Leon Febres Cordero expressed his appreciation for the work done by former Minister Macias.

SALDIVAR SAYS COMPARISON WITH CHILE 'UNBEARABLE'

AU121832 Vienna DIE PRESSE in German 12 Mar 86 p 2

[Text] Vienna -- For Paraguay's Foreign Minister Don Carlos Augusto Saldivar, naming Paraguay in the same breath with Chile as one of the last Latin American countries sill ruled by the military is an unbearable accusation. "That is organized dissemination of information aimed at discrediting the government and at messing up the current peaceful life in Paraguay," he said in a talk with DIE PRESSE on 11 March.

The wire-pullers are, according to Saldivar, the "extreme left and the communists." After a visit to London the minister is staying in Austria on a semi-official visit before continuing to the FRG and to Brussels. In Vienna he has been totally ignored by the Foreign Ministry while Finance Minister Vranitzky and State Secretary Schmidt had time for him. The chief of Paraguayan diplomacy also criticizes the former U.S. ambassador in Asuncion, [Robert] White, in this connection. "He relayed only negative things to Washington." Since the time of Jimmy Carter, under whom White served, the relationship with the United States has, however, "considerably improved."

Saldivar claims that in their coverage of Paraguay the international mass media overlook the fact that the Stroessner government was "elected in free elections," that there exists a bicameral legislative system, and that for 30 years there has not been a revolution. The ruling Colorado Party is looking back on a more than 100-year-old tradition. Four different parties participated in the latest general elections in 1983.

The Catholic Church -- Paraguay is almost wholly Catholic -- is mostly apolitical. "There are some bishops who represent the government line, but there are also some who do not. That has always been so."

Paraguay's foreign political priorities result from its geographical location, said Saldivar, who has been head of the Foreign Ministry in Asuncion for 2 years. It is important to find access to harbors. Paraguay has a "very good, neighborly relationship" with Argentina. This has not changed since the civilian president Raul Alfonsin assumed office. With Brazil, too, contacts are excellent. This applies to all neighbor countries, Salidivar stressed.

According to the Austrian trade delegate in Paraguay, Siegfried Hittmair, in 1985 Austria imported mainly cotton, coffee, and oil seeds from this South American country, to which Austria exports tractors, finished goods, and paper products.

Saldivar Evaluates European Trip

PY171757 Asuncion ULTIMA HORA in Spanish 15 Mar 86 p 12

[Text] "We have carried out important negotiations. We saw that there is some misinformation about our country and the reality of our government and democracy. Consequently, we put things in order." This statement was made by Foreign Minister Carlos Augusto Saldivar upon arriving at the President Stroessner International Airport this morning at the end of a tour that began on 27 February through Spain, England, Austria, West Germany and Belgium. Saldivar was accompanied by his wife; Eladio Loizaga, the director of foreign relations; and Jesus Maria Gutierrez, deputy director of the Foreign Ministry Protocol Department.

Minister Saldivar also said: "We held good bilateral talks." He emphasized the meeting held on 14 March with the EEC where he explained the Paraguayan Government's desire to increase exports to the EEC member countries.

Saldivar also emphasized the important agreement reached with Belgium on tax-free status for LAP, Paraguayan Airlines. General Raul E. Calvet, the Paraguayan Airlines president, accompanied Saldivar to the talks. Saldivar also said that "The results of the negotiations carried out inthese countries will soon be known and implemented in the short and medium term. We can categorically say that the objectives of the tour have been fulfilled."

Regarding President Alfredo Stroessner's plan to visit the FRG Minister Saldivar said that this matter was not discussed. He added: "But I found a great deal of affection for President Stroessner and a great interest for him to make that visit." Answering journalists at the airport, Saldivar indicated that "Our image has not deteriorated, but there is misinformation, as I said in Austria, due to the campaign by international communism which is the main group interested in destabilizing the peace, progress, and development prevailing in Paraguay."

Saldivar also said: "We all know about the real political situation here, but they are not aware of it. This is why we have put emphasis on explaining the real Paraguayan situation and what the government of President Stroessner is. We talked about all political parties and about our Colorado Party, which is an association founded in the last century. Our party's long institutional life in the country created amazement and admiration. Saldivar said in conclusion that after he briefs President Alfredo Stroessner on his trip on 17 March he will give more details of his European tour to the press.

SOUTH AFRICAN DEPUTY DEFENSE MINISTER ARRIVES

PY161321 Asuncion PATRIA in Spanish 16 Mar 86 p 1

[Excerpts] South African Deputy Defense Minister Adrian Vlok arrived in our country on 15 March. He was welcomed at the airport by Paraguayan Defense Minister General Gaspar German Martinez, high-ranking officers, and Dr Leon Malan Brand, South African ambassador to Paraguay.

'LEVI PLAN' PROPOSES OPPOSITION COALITION

PY072109 Asuncion EL DIARIO in Spanish 7 Mar 86 p 8

[Text] Dr Fernando Levi Ruffinelli yesterday proposed an electoral coalition of all opposition parties. The main objective of the coalition would be to present a single presidential candidate for the 1988 general elections, in order to constitute a "transitional government." Dr Levi Ruffinelli emphatically explained that the proposal is strictly personal, aimed at gathering all the opposition parties around a man who may represent them as a presidential candidate in the 1988 general elections.

According to the "Levi Plan," if the elections are won, a transition government will be established, and its "fundamental mission will be to prepare for truly free and democratic elections." The proposal makes it clear that the candidate must be a civilian and that the "transition" term should not last more than 2 years. Dr Levi Ruffinelli added that his proposal has the basic characteristic of being "a plan of action." He went on: "The Paraguayan people all know the problems because they live with them, but suggestions about how to solve their problems are never offered. My plan breaks the dependency." He said that foreign dependency is often mentioned but, as he asserted, dependency on the government party is still more important. "Everything is done," he said, "on the basis of pleasing or not pleasing the government; or whether the government will allow it or not. My plan breaks with all this because it depends entirely on what the opposition might do."

"I hope it is well understood what I am trying to say: I propose an electoral coalition of the opposition," Levi Ruffinelli emphasized, saying that this does not aim at establishing a "coalition government" but rather the mobilization of all the opposition around a single candidate for the 1988 elections. When asked about possible candidates for the electoral coalition of the opposition parties, Levi Ruffinelli mentioned Aldo Zuccolillo [former proprietor of the ABC COLOR newspaper, closed by the government] who, according to him, "possesses all the qualities, and is not questioned by any sector of the opposition." He also mentioned Dr Cesar Garay, although the fact that he belongs to the Colorado Party might be a drawback.

Political Leaders React

PY132257 Asuncion LA TARDE in Spanish 11 Mar 86 p 10

[All quotation marks as published]

[Text] The presentation of single candidate to represent the oppostion political parties at the 1988 general elections, as proposed by Doctor Fernando Levi Ruffinelli, has prompted different reactions. The electoral coalition proposal is already in the hands of the National Accord, the Paraguayan Episcopal Conference [CEP], and opposition legislators. The nonparticipants have also expressed reactions.

Alfredo Rojas Leon, president of the Christian Democratic Party, has stated that "the Levi Plan, if we can call it a plan, is just an observation of what has happened in the Philippines. This plan is practically a copy of what has happened there."

At this moment Levi's plan is absolutely inappropriate and out of place because the political parties grouped within the National Accord are now dealing with the national dialogue issue. We think that this is important, as is the fact that dialogue constitutes the path to a national reconciliation, and this is the first thing we need." Regarding the single-candidate issue, Rojas Leon stated: "I do not agree with that. On the contrary, I fully disagree with it, because if there is a candidate, that candidate first must be from a political party. The Christian Democratic Party will present its own candidate."

When consulted on the same subject, Mario L. Mallorquin, twice president of the Colorado Popular Movement [Mopoco] and current member of the Mopoco's board, stated: "We believe that any transitional government that seeks to democratize the country must be supported. Levi's proposal, the proposal which I believe was made by Laino or someone else, deserves the following considerations: I repeat, we will support whatever government might emerge from any of these proposals, provided that it decides to establish a democratic order to replace the current one."

Regarding the selection of a single candidate, Mallorquin said this should not be considered because it would mean accepting "the government's rules of the game." He added: "The government claim, the need to participate in the elections under a situation in which no opportunities or freedom are given to the political parties, and to present a candidate under these conditions would imply accepting their rules." He then concluded: "I do not think that it is the best solution."

Doctor Ricardo Lugo Rodriguez, coordinator of the Unity and Modernization Movement for Change, of the Febrerista Revolutionary Party [PRF], has stated that any proposal made by representatives of political sectors seeking to overcome the present situation, must be received with satisfaction."

He called Levi's proposal original and interesting. Regarding the coalition and the single candidate proposal he said: "As far as I know, it is a good initiative, but it disregards the electoral statute which, I understand, forbids the political parties from forming electoral fronts." Referring to the proposal, he said: "We are going to submit it for the consideration of our board in a meeting we have called for next Wednesday."

"If we do not propose an amendment to the electoral law right now, this plan will not be acceptable," he concluded. Referring to the same "Levi Plan" proposed by Dr Fernando Levi Ruffinelli last week, Miguel Abdon Saguier, secretary general of the Authentic Radical Liberal Party stated: "I think we have to further investigate this issue.

"We are dealing with the transition issue, in which case there are two alternatives, the violent and the negotiated paths. The second alternative, he said, is possible. "I understand that in Paraguayan society ther is a clear tendency toward a new political order that would be the democratic order." Regarding the single candidate proposal that Levi mentioned, he said that it seems unreal: "I do not believe in and do not agree with that reasoning. I think the political parties each have their own man capable of attracting the people's votes and reaching a really free and democratic confrontation." Saguier feels that before making electoral coalitions, some political openings should be negotiated.

EPISCOPAL CONFERENCE'S STATEMENT ON DIALOGUE

PY141652 Asuncion LA TARDE in Spanish 13 Mar 86 p 12

[Text] The Paraguayan Episcopal Conference [CEP] has released a communique on the national dialogue. The CEP has decided to conduct this dialogue "to facilitate a climate of reunion and concord among all Paraguayans." Herewith, the transcript of the complete text of the communique:

Aware of the concerned interest of the people and faithful in general regarding the CEP's initiative to promote the national dialogue, at the end of the Plenary Ordinary Assembly of Bishops we felt that it was necessary to inform the people of the following:

The Plenary Assembly has approved the guidelines proposed by the group of bishops regarding the manner in which the initiative will be put into practice. This implies, above all, that the Plenary Assembly has ratified the decisions of the Permanent Episcopal Council that met on 21 January 1986. All bishops agree with the reasons and objectives outlined in the communique released on 23 January 1986, which expresses the significance of the church's gesture.

The guidelines proposed and approved include the establishment of sectors of opinion that will be called, as well as the opening to all those considered necessary and useful to contribute with a constructive opinion and work in the great common endeavor. They also provide for permanent consultation with priests, religious persons, and laymen who are committed to the ecclesiastical life, as well as with outstanding representatives of the different sectors of national life. Deprived of any sensationalist desire and seeking effectiveness more than publicity, this stage of the process that is beginning now will be conducted with prudence and reservation. An evaluation of the process will be made immediately afterward to set the priorities to face the next stage.

The CEP also decided to send an Episcopal Conference message to the faithful and men of good will who live in this country. While awaiting this message, it is appropriate to reiterate the exhortation already made, calling to prayer all believers, regardless of their religion, to obtain from the Almighty God the necessary enlightenment in this difficult endeavor. It is also appropriate to ask everyone to facilitate the reunion and concord among all Paraguyans.

OFFICIAL DEFENDS POLICE ACTION IN ALFONSO LOMA

PY181036 Asuncion LA TARDE in Spanish 17 Mar 86 p 10

[Text] Speaking of the incidents that occurred in Alfonso Loma, Sergio Enrique Dacak, Interior Ministry representative in Cordillera Department, has stated: "They were the ones who attacked us, we did not initiate the aggression." He indicated that at this point there are nine individuals being held at the Interior Ministry departmental branch, adding that they will be released tomorrow.

Dacak said: "When I found out about the meeting of the Authentic Radical Liberal Party [PLRA], which is not registered at the National Electoral Board, we took the necessary steps to prevent this meeting. At first we thought that the meeting would involve only Alfonso Loma residents, but then we realized that people were coming from different places and neighboring towns and it became a national meeting. From then on, our job was to preserve order and make sure that nothing serious happened. Can you imagine if the local Colorados had decided to attack the PLRA meeting?" The Interior Ministry official added: "I issued instructions that there be no violence; shots were fired only when the crowd attacked the police." He went on to say that "the PLRA people are to blame for this incident." The official explained that he alone was responsible for the orders issued on the occasion. He reported that 50 Interior Ministry branch agents participated in the operation and categorically refuted the report that women and children had been beaten up.

COUNCIL OF STATE UPHOLDS ROMEO ACOSTA'S IMMUNITY

PY141712 Asuncion HOY in Spanish 14 Mar 86 p 8

[Text] The Council of State yesterday rejected as inappropriate the request to strip the immunity of a member of the Council of State [Central Bank President Cesar Romeo Acosta] that was submitted to this consultative government body by the 1st and 9th Criminal Court judges. The decision issued yesterday is based on the recommendations made by the Council of State Foreign Relations, Justice, Worship and Public Duty Commission, which is made up of Industry Minister Delfin Ugarte Centurion and Rear Admiral Adolfo Roig Franco. The delay in discussing the request that was submitted by Judge Mario Soto Estigarribia and Judge Edgar Ruben Stanley on 16 December 1985 had been questioned by the representative of the Agriculture Ministry, who had urged the Council to treat the request expeditiously.

Regarding the Council of State decision, its chairman, Interior Minister Sabino Augusto Montanario, said that "we have acted in keeping with the law and have returned the request to the judicial branch until the courts that submitted it either confirm, approve, or modify their ruling. Once the courts do this, we will discuss the issue at the Council of State, but in all justice we could not have discussed the issue at the council of State before the courts issued a specific ruling in this regard." Montanaro added that although the ordinary period of sessions of the Council of State is about to close, an extraordinary session will be called in view of the nature of this request.

L.A. PARLIAMENT HEAD ON REAGAN PLAN FOR CONTRAS

PY172056 Madrid EFE in Spanish 2013 GMT 17 Mar 86

[Text] Lima, 17 Mar (EFE) -- Peruvian Andres Townsend Escurra, secretary general of the Latin American Parliament, stated here today that U.S. President Ronald Reagan's request for money to help the "contras" is a "whim." Townsend added that Ibero America must "make an effort to confront President Reagan's attitude." Townsend announced that between 2 and 5 April 1986 the Latin American Parliament will hold its special assembly in Guatemala City to discuss this situation. This meeting, Townsend added, will deal exclusively with liberty, democracy, and peace in Central America. It will also study the situation in Nicaragua and efforts to achieve peace in the zone.

TERRORIST ATTACKS INCLUDE BOMBINGS, MURDERS

Argentine Consulate Strafed

PA180042 Hamburg DPA in Spanish 0012 18 Mar 86

[Text] Lima, 17 Mar (DPA) -- A terrorist team attacked the Argentine Consulate in Lima with a burst of machinegun fire from a moving vehicle tonight. No one was injured and only the front of the building was damaged. A police spokesman said that the attackers also hurled two explosive devices that failed to explode at the consulate. A police vehicle parked in front of the consulate was struck by bullets. The police stated that it is unclear as yet whether the attack was the work of the extremist Shining Path group or the Tupac Amaru group. The Argentine Consulate in Lima is located near the U.S. Embassy, which has been the object of repeated attacks by teams of the Tupac Amaru Movement.

Lima Experiences Blackout

PY171312 Lima Panamericana Television Network in Spanish 0100 GMT 16 Mar 86

[Text] Several terrorist attacks took place Friday night. Some high-tension pylons were blown up in Huinco and Cajamarquilla, and police precincts in the so-called young neighborhoods were fired at. Lima was blacked out for 45 minutes. Navy Captain Jorge Alzamora Bustamante was killed by three presumed terrorists.

Civil Guard Members Attacked

PY171703 Paris AFP in Spanish 1718 GMT 16 Mar 86

[Text] Lima, 16 Mar (AFP) -- Police today reported that a Civil Guard captain was murdered by alleged subversives and that a Civil Guard major and his wife were wounded last night by security forces who mistook them for subversives. War Minister General Jorge Flores has said that the Armed Forces Joint Command is going to decide whether or not the measures within the state of emergency and the curfew will be strengthened in Lima, where several officers have been murdered and police posts attacked.

Last night Civil Guard Captain Jesus Melendez, 34 years of age, was killed by alleged subversives who shot him as he was walking down one of the streets of the populated Comas district. Police did not provide any details about this murder.

According to witnesses the attackers drove a small car and without saying a word shot the officer as he was getting into his car. This murder occurred less than 24 hours after the murder of Capitan Jorge Alzamora. Alzamora was buried yesterday under strict security measures.

Civil Guard officials also confirmed that on 14 March a group of young subversives murdered Civil Guard member Juan Deza in a bus in Chiclayo, 752 km north of Lima.

Civil Guard Major Alberto Castillo and his wife were returning from a party as the curfew began and were wounded by Air Force security forces guarding the Aeronautics Ministry. A curfew has been in effect in Lima since 10 February. The officer, whose vehicle apparently passed near the ministry, did not hear the warnings from the soldiers who fired, mistaking them for subversives. The couple were wounded and taken to the Police Force Central Hospital where no details were given about their conditions.

Civilian Antonio Paredes, 24 was shot to death 5 days ago by an Army patrol in Comas, when he broke the 0500-0900 GMT curfew.

Analysts today said that showing disdain for the state of emergency and the curfew, subversive groups continue to spread terror and cause serious consequences. Analysts also pointed out that a few days before the wave of attacks on 13 March, just hours before the departure of President Alan Garcia for Argentina, subversives murdered three policemen in Huancayo, Cerro de Pasco and Lima, apparently in an act of revenge against policemen who served in the emergency zones.

The war minister said yesterday, however, that the subversive movement in the country has been contained. After attending Captain Alzamora's funeral the minister said: The subversive action has not yet disappeared but we are working on it. About 182 people, among them Shining Path members, military people, policemen, civilian officials, and simple peasants, have been killed so far this year. This brings to about 8,000 the number of people killed since guerrilla activities began in the Peruvian Andes. Observers indicated that counting last night's attack in Lima, six officers have been killed by subversive commandos this year. This represents an escalation of the reprisals and intimidation carried out by Shining Path.

GOVERNMENT FACES WAVE OF STOPPAGES, STRIKES

PY160015 Madrid EFE in Spanish 0101 GMT 15 Mar 86

[Text] Lima, 14 Mar (EFE) -- The strike being staged by mineworkers of the state-owned Centromin [Central Mining Enterprise] company and by the national railroad enterprise, involving some 16,000 workers, today continued unresolved. The government has increased the mineworkers wages by $1.90 per day, which the mineworkers say is not enough. The mineworkers' strike is 13 days old.

One hundred mineworkers are holding a hunger strike in Chosica, 40 km from Lima, and there are threats of new strikes in the Oroya, Cerro de Pasco, Horococha, and Casapalca mining centers, which form part of Centromin. Railroad workers in southern Peru have staged a protest march in Arequipa, 1,000 km south of Lima. Nearly 4,000 railroad workers are on strike, also owing to salary claims.

In turn, Finance Ministry workers yesterday held a 24-hour stoppage and have threatened to hold another 48-hour stoppage. In addition, the Callao (Lima's port) Development Corporation workers are asking that 800 dismissed workers be reinstated. Several of these dismissed workers have been holding a hunger strike for a week. Nearly 1,200 workers of the Donofrio ice cream and candy factory are striking, seeking salary improvements. Airport workers have said that they will stage unannounced stoppages, also for higher wages.

The Interunion Confederation of State Workers (CITE) has announced an indefinite general strike beginning 6 May if their salary claims are not met. There are a total to nearly 500,000 state workers, and the government increased their salaries by 25 percent in February. Labor Minister Carlos Blancas has reasserted that the government seeks to uphold a salary policy that offsets inflation -- which has dropped over the past months -- but does not constitute a new inflationary factor.

AIR FORCE CHIEF BEGINS TALKS ON MIRAGE DEAL

PY121427 Paris AFP in Spanish 0312 GMT 11 Mar 86

[Text] Paris, 10 Mar (AFP) -- Diplomatic sources have stated that Peruvian Air Force Chief of Staff General Julio Hesse, who arrived in Paris last Friday, today started negotiations to reduce from 26 to 14 the number of Mirage-2000 aircraft that Peru has committed itself to buy from France. Without elaborating, the sources said that Gen Hesse has held meetings with high-ranking officials of the French Government to discuss ways that would permit a change in the purchase contract signed by Peru in July 1985 for $700 million, out of which $140 million has already been paid. The Peruvian Air Force chief of staff is accompanied by Hector Delgado Parker, an adviser to President Alan Garcia, and the high-ranking officials Garcia Pike, from the Foreign Ministry, and Jaime Abuttagast, from the Economy Ministry.

According to diplomatic sources of the two countries, Lima's request to reduce the number of aircraft purchased, which was made by Garcia on 28 July 1985 at his inauguration has been received by the French Government with understanding and, in principle, accepted by the Marcel Dassault aircraft company. However, technical obstacles, which the Peruvian delegation must discuss in Paris, have arisen. The Peruvian Government is trying to reach an agreement to avoid paying the breach of contract damages.

According to the sources, in February 1986 Peruvian Foreign Minister Allan Wagner said held a meeting in Paris with his French counterpart, Roland Dumas, who immediately committed himself to study the Peruvian request and expressed the good will of the French Government. For the Peruvian authorities, reducing the Mirage purchase falls within the framework of a policy drawn up to restrict the acquisition of weapons at domestic and Latin American levels in order to allocate the scanty funds available to the pressing needs of the people.

NICARAGUAN OFFICIAL CONDEMNS U.S. POLICY

FL141904 Mexico City NOTIMEX in Spanish 0320 GMT 14 Mar 86

[Text] Mexico City, 13 Mar (NOTIMEX) -- Nicaragua's economic, political, and social development will be hindered as long as the United States continues its policy of financing the contras, Nicaraguan Vice Minister of Agriculture Eduardo Holman has said. He added that the Sandinist government has had to use its scant resources to defend the country's sovereignty, which has limited its productive capacity.

Upon his arrival in Mexico City, where he will participate in the 33d meeting of the International Agriculture Committee that will begin tomorrow, the Central American official said his country's government is concerned by the fact that neighboring countries cooperate with the United States in destabilizing the region. He said that the Ronald Reagan administration constantly attacks the Nicaraguan people from points located near the Costa Rican border.

He said one of the principal goals of the United States is to separate Nicaragua from Latin America through defamatory campaigns and destabilize the Sandinist government.

The Nicaraguan people are ready to defend their independence from aggression from abroad and remain alert to the possibility of an invasion of their territory, he said. The Nicaraguan minister condemned the slaughter of peasants that the United States is provoking through counterrevolution. He energetically rejected the idea that the Sandinist government supports the growing of drugs or drug trafficking.

SOVIET AMBASSADOR DISCUSSES NUCLEAR TEST BAN

FL140340 Mexico City NOTIMEX in Spanish 0240 GMT 14 Mar 86

[Text] Mexico City, 13 Mar (NOTIMEX) -- Soviet Ambassador to Mexico Rostislav Aleksandrovich Sergeyev has said that Spain's decision to continue its NATO membership will not contribute to the peaceful development of relations between European countries. He added that it is time the military blocs of this continent are checked in order to prevent a war.

Interviewed at the end of the International Peace Congress in Mexico City, the diplomat said his country maintains a unilateral moratorium on nuclear testing as proposed by the Group of Six, which includes Sweden, Argentina, India, Greece, Tanzania, and Mexico. He also expressed his desire that the United States proclaim a moratorium on nuclear tests and added that there have been no advancements in Soviet-U.S. bilateral negotiations. Sergeyev also spoke in favor of calling all nations to a world congress to discuss political direction and create the necessary economic conditions that would guarantee international economic security.

Views Disarmament, Foreign Debt

FL171806 Mexico City NOTIMEX in Spanish 2147 GMT 16 Mar 86

[Text] Irapuato, Mexico, 16 Mar (NOTIMEX) -- Soviet Ambassador to Mexico Rostislav Aleksandrovich Sergeyev said today that the Soviet Government supports Mexico's position of nuclear disarmament. He also added that his country respects the decisions adopted by Mexican President Miguel de la Madrid in reference to payment of Mexico's foreign debt.

The Soviet ambassador, who is one of the 40 diplomats who visited Irapuato City, Guanajuato, today to attend the traditional Mexican Strawberry Festival, said the Soviet Union is in favor of total nuclear disarmament by the end of this century. Sergeyev also referred to Guanajuato's history, which he called a symbol of the Mexican peoples' struggle for survival and independence.

PRESIDENT REJECTS FOREIGN SOLUTIONS TO PROBLEMS

FL150240 Mexico City NOTIMEX in Spanish 2305 GMT 14 Mar 86

[Excerpt] Mexico City, 14 Mar (NOTIMEX) -- Mexican President Miguel de la Madrid said today that Mexico will continue solving its own problems and in no way expects miraculous outside assistance. Upon inaugurating the eighth congress of the National Revolutionary Confederation of Workers and Peasants, De la Madrid said Mexico's international negotiations are a complementary approach to resolve the current economic problems but are not fundamental.

The president strongly criticized the minorities who propose foreign solutions and warned: We will come out ahead with nationalism, which does not imply hostility or exclusion, but opens the country to culture, science, and technology from the rest of the world.

Mexico is independent, free, capable of conducting its destiny and government, despite the most difficult circumstances it confronts, he said. The struggle for sovereignty should take root in the domestic struggle without any expectations of outside miraculous solutions.

De la Madrid stressed that economic difficulties do not become less significant, but they become more difficult, especially in the foreign sector due to falling international oil prices. He stressed that only those who do not have faith in Mexico because they are not familiar with the country and are isolated from the reality of desperation believe that Mexico is falling apart, the political system is obsolete, and the economy is not functional.

The Mexican leader condemned minority groups that have always looked outside of Mexico for solutions to problems and said: They inherit the ideologies of the old conservative minorities or the minorities who see foreign ideological models as solutions. He said that those groups will be defeated because the majority counts on the system of liberty and political plurality.

De la Madrid announced structural changes within the Mexican revolution related to the principles of that historical movement and added that they will not be destructive changes or imitate foreign models but improve the direction of the country.

DE LA MADRID, LUSINCHI DISCUSS OIL, DEBT CRISES

FL161800 Bridgetown CANA in English 1602 GMT 16 Mar 86

[Text] Mexico City, March 16, CANA-ALASEI -- The recent presidential dialogue in Cancun between Venezuela's Jaime Lusinchi and Mexico's Miguel de la Madrid on the present energy situation did not yield spectacular results, nor indeed long-term agreements, according to the Latin American News Agency ALASEI.

The two presidents met in Cancun towards the end of January against a background of falling oil prices. They said the fall meant more austerity for their economies. Mexico and Venezuela are among the world's top exporters, but sliding oil revenues are undermining their ability to meet interest payments on a combined foreign debt of about 140 billion U.S. dollar.

It seems evident that the four-dollar drop in the price of Mexican oil was a matter long considered by the local authorities, and that the price fixing was done in association with the Venezuelan Government, in a concerted effort to find a political answer to the crisis which afflicts the world oil market, ALASEI said.

The Mexican move was followed, one day later, by a three-dollar reduction in heavy Venezuelan crude, in a move described by the acting minister of mines and energy in the South American country, Hernan Anzola, as part of the concerted strategy with Mexico, after Cancun. The diagnosis by the officials with respect to the international oil market underlined in particular the link between energy and the foreign debt.

But except for the decision by Mexico and Venezuela to apply flexible policies of price and production, to allow both countries to defend their position in the market, no really great results came out of the meeting. Thus, neither expectations of an eventual moratorium, a limit on interest payments conditioned by the opening up of the world market, no a production ceiling to stabilise the energy market was present in the final communique.

On the contrary, on the matters of price fixing and the question of retroactive monthly payments there were still some difficulties. In addition, Venezuelan insistence on the creation of a Latin American organisation of oil-producing and exporting countries, made up of Venezuela, Mexico, Ecuador, and Trinidad and Tobago, with Brazil and Colombia joining in the near future, appeared, for now at least, a dead matter.

Mexico continues not to see any useful purpose to be served by such an organisation, in keeping, incidentially, with her traditional policy with regards to OPEC, where, in spite of pressures from the cartel, she still maintains only observer status.

Nevertheless, according to the ALASEI correspondent in Caracas, the Cancun meeting should have strengthened the Venezuelan position prior to the OPEC meeting in Vienna, maintaining and consolidating the organisation, founded on September 27, 1960.

The meeting also revealed that Venezuela is in a much better position than Mexico to deal with the crude oil crisis. In Venezuela, the crisis is seen as merely circumstantial and can be overcome, and does not appear to be a catastrophe to the authorities, even when it widens the gap of economic difficulties, and calls into question the possibility that this country can cancel its foreign debt immediately.

The strategy of Venezuela is to sign, this month, accords of refinancing with creditor banks (to the order of U.S. 36,000 million dollars) and immediately to resort to the contingency clause. The clause was included precisely to offset the effect of forces outside the country's control, such as a substantial drop in export products and, consequently, in the injection of revenue or significant rises in the interest rate.

In Mexico, meanwhile, there is uncertainty and concern, and everything seems to suggest a policy of the greatest austerity. According to local observers, in the face of the four dollar price drop in exported Mexican crude, higher than was officially forecast, the energy emergency has become a financial collapse technical in character. Official information states that the De la Madrid government is preparing to assimilate the crisis internally, and externally to renegotiate debt-service payments, before talking about the inevitable moratorium.

FINANCE MINISTER CALLS FOR INCREASED EXPORTS

FL141746 Mexico City NOTIMEX in Spanish 0400 GMT 14 Mar 86

[Text] Mexico City, 13 Mar (NOTIMEX) -- Mexican Secretary of Finance and Public Credit Jesus Silva Herzog today said that in 1986 the rate of inflation will not decrease, credits will continue to be restricted, and the treasury will receive 3 trillion pesos less.

Addressing the Finance Committee of the Chamber of Deputies, which met at the National Palace, he said that the foreign exchange needed is estimated at $6 billion, of which $4 billion has already been authorized by the Mexican Congress and $2 billion will come out of the negotiations being carried on now. These additional $2 billion will not be obtained from additional credits but rather by putting together a trade package that will permit Mexico to increase its exports by about $1 billion.

There is no talk of additional debt or new credits but rather of increasing our sales abroad, putting our productive apparatus in motion, reducing the tariff barriers of industrialized nations, and thus obtaining the foreign exchange we require, he stressed.

Silva Herzog said the only real way Mexico can obtain additional foreign exchange with which to finance its economic and social development is through a determined, brave, and effective effort to increase exports of goods and services. The secretary of finance said that next Monday he will announce various additional activities to increase exports and stress the need of increasing exports of Mexican products. Silva Herzog told the legislators that the $4-billion increase in indebtedness authorized by the Congress has not been made effective yet but that he is sure of obtaining these resources through negotiations. Referring to the foreign debt, he said that if a total moratorium of interest payments were intended, an amount of $4 billion would be mentioned, which is precisely the amount being requested from abroad, for which reason the country would not come out ahead in foreign exchange.

Postponing the payment of interest gives relief for the period in which interest is not paid but neither the debt nor the payment of interest shrinks, and must be paid for some day. Silva Herzog stressed that from now on the country will have to depend a lot more on domestic resources, whether it wants to or not, and on the savings we can generate, in the private sector, the social sector, and the public sector. Silva Herzog emphasized that from now on the country will have to take a lot of action on several fronts, and that what is done in coming years will basically rest on our internal resources because we will not have easy exports of crude oil at high prices or the international credits that were freely available when oil was king.

FOREIGN SECRETARY DEPARTS U.S. FOR SWEDEN

FL142250 Mexico City NOTIMEX in Spanish 2125 GMT 14 Mar 86

[Text] Mexico City, 14 Mar (NOTIMEX) -- Foreign Secretary Bernardo Sepulveda Amor left for Stockholm, Sweden, today after a 2-day visit in Washington and New York. In Sweden the foreign secretary will attend the funeral service for former Prime Minister Olof Palme, who was assassinated 28 February. Sepulveda Amor will be representing President Miguel de la Madrid.

It was reported that during his stay in Washington and New York, the Mexican diplomat held important meetings with several U.S. officials. The official report said the visit was private.

STRIKES CONTINUE; LABOR CODE AMENDMENTS PASSED

Suspension of Rights Considered

PA171521 Panama City EXTRA in Spanish 17 Mar 86 p 24

[Text] Panama's civilian-military government has contemplated the possibility of suspending constitutional guarantees in the next few days if there is a continuation of the general acts of protest as a result of the government's insistence on amending the Labor Code and the industrial and agricultural laws. This was stated to EXTRA by Government and Justice Minister Rodolfo Chiari De Leon when he was asked his opinion on the tense situation that the country has been experiencing since Friday.

We have been thinking about suspending the constitutional guarantees; perhaps the government will shortly decide something in this regard, Minister Chiari said. A limitation of the rights stipulated in the Constitution would cancel the validity of the individual rights of citizens such as: freedom of assembly, freedom of movement, and freedom of the press; a curfew would be established and the authorities would be able to enter homes without search warrants.

77 Percent Join Work Stoppage

PA171846 Panama City ACAN in Spanish 1709 GMT 17 Mar 86

[Text] Panama City, 17 Mar (ACAN-EFE) -- Seventy-seven percent of the Panamanian industry is paralyzed today to protest the new economic measures that the government wants to establish, private sector sources reported. The industrial strike comes on the 8th day of the general strike by union workers to protest President Eric Arturo Delvalle's economic program, which the labor organizations believe has been inspired by the World Bank. The economic plan includes a reduction of fiscal incentives for the manufacturing industry as well as amendments to the Labor Code.

The Panamanian Industrialists Union (SIP) today called for a 24-hour work stoppage by all its members -- approximately 300 enterprises throughout the country -- to protest the government reforms of the labor, industrial, and agricultural laws. Spokesmen of the management organization told ACAN-EFE that the state will lose more than $250,000 in tax revenue. The enterprises will also lose more than $450,000 worth of sales, according to SIP estimates. The sources said that 68 percent of the food industry, 100 percent of the tobacco industry, 80 percent of the soft drink industry, 52 percent of the clothing industry, 90 percent of the lumber industry, and 75 percent of the leather industry are paralyzed.

Meanwhile, 52 percent of the paper industry, 78 percent of the chemical industry, 75 percent of the plastics industry, 71 percent of the metallurgy industry, and 92 percent of the mining industry are heeding the SIP's call.

More on Management Strike

PA170227 Panama City LA PRENSA in Spanish 16 Mar 86 p 1a

[Excerpts] The national crisis worsened yesterday following the approval of the amendments to the labor code in the second debate. An indefinite labor strike is under way in the country due to the proposed amendments.

In the meantime, the country is preparing to face a management strike by 300 manufacturing firms, at the instructions of the SIP, which will coincide with a 48-hour strike declared by the National Federation of Associations and Organizations of Public Employees.

From Chitre, LA PRENSA correspondent Rogelio Guerra reported that the Chitre chapter of the Chamber of Commerce, Industries, and Agriculture has declared itself on a state of alert in defense of agricultural and livestock sector interests, after learning that the government intends to impose a law detrimental to that sector. However, this management organization appealed to the National Council of Organized Workers (Conato) membership to realize that a struggle is being waged for just causes, but that they will in no way destroy the country's economy or harm the economy of the rural people because if their produce cannot be sold, further ruin will be brought to this sector of the economy, which must not pay such a high price.

Meanwhile, the Coordinating Board for national Civilianization (Cocina) has reiterated its participation in the struggle being waged by the Panamanian people and has recalled 27 November 1984 when 100,000 people took to the streets and managed to get the administration of then President Nicolas Ardito Barletta to withdraw a number of tax measures that were harmful to the interests of the Panamanian people from the National Assembly. Cocina feels that the serious crisis faced by the country can be solved by effecting "a drastic reduction in the Panamanian Defense Forces budget and dismantling the repressive machinery."

Labor Code Amendments

PA171822 Panama City MATUTINO in Spanish 17 Mar 86 pp 1A, 8A

[Excerpts] Following a heated debate and widespread consultation, the National Legislative Assembly yesterday approved, by a broad margin, Bill No 46 which prescribes labor regulations to promote employment and productivity. It is expected that President Eric Arturo Delvalle will sign it today, Monday, so that it may become a law of the Republic.

The law has 11 articles which, according to Labor Commission President Raul Montenegro, correct and improve the Labor Code and, at the same time, is very beneficial for workers.

At the plenum the 67 legislators began discussing the bill on Friday. It was approved on Saturday during the second deabate and it received the approval of the majority of the Assembly in its third debate.

Bill No 46

Third Debate

Bill No 46, (of ----- 1986)

"Through which labor regulations to promote employment and productivity are issued and other norms are adopted."

The Legislative Assembly decrees:

Article 1: To the effect of implementing this labor law, small businesses will be those with 10 or fewer permanent workers if it is an enterprise engaged in agricultural, cattle, services, or retail activities; 15 workers or fewer if it is a manufacturing business; and 20 or fewer if it is an agroindustrial enterprise.

The businesses that provide banking, financial, savings, credit, insurance and reinsurance for real estate, real estate administration, data processing, and publicity services, as well as those engaged in the wholesale of merchandise, will not be considered small businesses. In addition to that which is stated in existing regulations on this matter, the following special regulations will apply for small bussinesses:

1. Overtime will be remunerated at a single rate of 25 percent of the wage.

2. In the cases discussed in Article 22 of Law No 53 of 1975, the Conciliation and Decision Boards, at the request of the General Director of Labor, will order, substituting for the attachment of goods or of the administration of the enterprise, insuring these goods so that they can be placed at the disposal of the court but under the responsibility of the proprietor or the legal representative of the enterprise. In all other cases in which an attachment is requested, the judge, using his best judgement, can decree the insuring if he feels that the requested attachment threatens the existence of the enterprise.

Article 2: In addition to that stated in Article 235 of the Labor Code, relations of rural workers will be ruled by the following special regulations:

1. Overtime will be remunerated at a single rate of 25 percent of the wage.

2. Work performed on a holiday or a mourning day will be paid at a rate of 25 percent of the regular wage.

3. Work performed in two or more seasons will not be considered as a contract for an indefinite period of time.

Article 3: Overtime work performed at industries that devote all of their production to export will be remunerated at a single rate of 25 percent of the wage.

Article 4: The following paragraph is added to Article 35 of the Labor Code: When it is a matter of agricultural and livestock exports, in the small enterprises or industries dedicated 100 percent to exports the workers must work overtime in those cases in which the nature of the activity so demands it and solely in the period that it is so required. The work done in those cases will not exceed the limits established by the law.

Article 5: Article 142 of the Labor Code will be as follows:

Article 142: The wage can only be established by unit of time (month, half-month, week, day, and hour) and by task or piecework. When the salary is established by unit of time, the parties can agree to establish in addition to the latter, complementary bonuses, commissions, or participation in the profits. In no case will the basic wage be less than the minimum legal or conventional wage.

The wage for tasks or piecework will be set in accordance with the job done as long as a minimum is guaranteed to the worker for a daily work day that does not exceed 8 hours or for a lesser period, regardless of the result obtained. The minimum that must be guaranteed will not be lower than the respective minimum wage. The employer and the worker can agree to modify the conditions of the payment for tasks, piecework, commissions, or complementary bonuses.

The periodic fluctuations in the income of the worker due to the fluctuations in the production, sales, or output will not be viewed as an increase or reduction of the wage in terms of Article 159 of this code except in the case that both contracting parties expressly agree to the contrary. The payments that the employer makes to the worker in terms of production premiums, bonuses, and rewards will be considered as wages solely for estimating vacations, maternity leave, and seniority premium to which the worker has a right. For the contributions and benefits of the social security system, the respective special regulations will apply.

Without detriment to the aforementioned, the following will not be considered as wages of permanent and temporary workers: the payments that the employer gives to the worker in terms of the 13th month bonus and its improvements, bonuses, rewards, production premiums, donations, and participation in the profits even when such participation is carried out in the form of subscription or possession of shares and even when it only benefits one or several workers of the enterprise. For the effects of what is established in Article 70 and 197 of this code, these bonuses, rewards, improvements of the 13th month bonus, production premiums, donations, and participation in the profits will not be considered as a custom, practice, or conditions of work.

Article 6: Article 224 of the Labor Code will be as follows:

Article 224: At the termination of all contracts of an indefinite period, regardless of the cause of termination, the worker will have the right to receive from his employer a seniority premium at the rate of 1 week's salary per each year worked since the relationship began, as long as he has continuously worked with the employer for more than 10 years, without consideration of the age of the worker.

For the terms of the payment of the seniority premium to which this article refers, the furnishing of services during the 10 years previous to the validity of this code will only be recognized as long as the work relationship existed at the date in which the present law goes into effect.

Article 7: The following will not be considered a worker: He who carries out a task by virtue of an agreement through which a person sells or delivers raw materials or objects to him for transforming or manufacturing them in his home or another location freely chosen by him without any type of supervision or management in whatever activity is involved.

This provision will also be applied in those cases in which the persons contracted to provide the service is obligated to sell the result of the transformation or manufacture to the supplier of the raw materials or objects or to a third party designated by him.

Despite the aforementioned, the contracted persons will have the right to social security benefits in accordance with the regulations established by the Social Security Fund.

A Tripartite Commission is created to watch over the fulfillment of the provisions established in this article. This commission is comprised of the following: 1) a representative of the workers; 2) a representative of the employers; 3) a representative of the government.

The members of the commission will be appointed by the executive branch through the Labor and Social Welfare Ministry. The representatives of the workers and the employers will be chosen from lists submitted by the National Council of Organized Workers and the National Council of Private Enterprise, respectively. The government representative must be an official of the Labor and Social Welfare Ministry.

Article 8: In addition to what is established in Article 914 of the Labor Code, an appeal can be filed at the Superior Court against the rulings issued by the Conciliation and Decision Boards in the processes whose sum exceeds 2,000 balboas or when the amount of the benefits or indemnifications that must be paid in replacement of the reinstatement, including the accrued wages, exceed that sum. In these cases, no wages will be accrued during the second phase of the process.

Paragraph: The rulings issued by the Superior Labor Court in the cases provided for in the present provision have a definite nature, do not admit a subsequent appeal, and produce the effect of res judicata.

Article 9: Article 78 of the Labor Code will be as follows:

Article 78 When the furnishing of a service demands some ability or skill, the clause that sets a probational period for up to 3 months will be valid as long as this is expressly stated in the written work contract. During such a period, any of the parties can terminate the work relationship without any responsibility.

Article 10: This law modifies Articles 33, 36, 49, 70, 140, 142, 159, 197, 212, 218, and 224 of the Labor Code as well as Article 2 of Law No 53 of 1975; provides additions to Article 35, 235, and 914 of the Labor Code; and annuls Articles 232 and 233 of the same code as well as Article 12 of Law No 7 of 1975 and all provisions that are contrary to it.

Article 11: This law will enter into force at the time of its promulgation.

To be made known and published.

Camilo Gozaine G. President of the Legislative Assembly

Eramos Pinilla C., Secretary General

Labor Minister Comments

PA172015 Panama City Circuito RPC Television in Spanish 1730 GMT 17 Mar 86

[Interview with Labor Minister Jorge Federico Lee by Julio Miller at the Legislative Assembly on 16 March -- recorded]

[Text] [Lee] I believe that with the approval of this draft bill on labor measures by the Legislative Assembly we put an end to a number of traumas that the country could have suffered.

We really saved the country from a number of economic problems that would have worsened gradually.

I think that the time has come to look forward and see what else should be done; the time has come again to call on the labor and business sectors to continue struggling together to build a more prosperous country.

We believe that these nine measures approved by the Legislative Assembly today will bring more hope to our workers and more jobs to the unemployed youths and women of our country.

I know that there was a great lack of understanding, that there was a great national debate on this situation, but that is exactly what a democracy is all about. Democracy is being able to debate on whether a step, which is decisive to the country, is appropriate.

Now that the Assembly has decided to make this draft bill a law, we think that a necessary decision was made; a decision that gives the government the opportunity to implement an economic development plan and to begin to adopt specific measures regarding the economic reactivation needed by our country. I think that real democracy was exercised.

We will continue to promote collective bargaining to ensure that workers fortunate enough to belong to a union and enjoy a collective work agreement will be able to continue, with our mediation, to further improve their labor conditions.

We will step up the work of the National Employment Directorate to get a better picture of the unemployment situation this year. We have already begun to implement specific measures regarding the gathering of specific data on unemployment and what actions must be implemented at the government and national level.

As I said, the time has come again for the labor sector, its leaders, and business leaders to sit down to talk and determine the future of this country.

[Miller] Mr Minister, specifically speaking, we could say that unemployment is the Achilles heel of the Panamanian economy at the present time; what will guarantee to the citizens at large that the draft bill on amendments to the Labor Code, which was approved today, will constitute a factor to increase employment in Panama?

[Lee] Yes. There is one fact that is evident. If we had done nothing, unemployment would have continued to increase, and perhaps in 5 years, it would have become a really unstoppable problem. This is mainly because most of the unemployed are youths with a high school education.

Approval of this draft bill, with other complementary projects in the industrial and agrarian areas and other administrative measures that are being implemented and will be implemented, we opened the door for more possibilities.

We adopted specific steps to bring more categorical solutions to this great problem facing the youth of our country. We really think that this step was necessary. This step was costly; it was the result of a great lack of understanding, due perhaps to a lack of analytical capability on the part of certain sectors. However, sometime in the future we will realize that had we not done this, unemployment would have increased, the economy of our country would have collapsed, and we would be left with no hope to carry us forward.

BRIEFS

NEW AREA ENVOYS APPOINTED -- Panama has named Julio Aldrete as ambassador to El Salvador, David Manuel Pere Ramos ambassador to Costa Rica, and Luis Carlos Zarak de la Guardia ambassador to Honduras. [Summary] [Panama City EXTRA in Spanish 12 Mar 86 p 5 PA]

COSTA RICA

MONGE DENIES EXISTENCE OF ACCORD WITH NICARAGUA

PA171938 San Jose Radio Impacto in Spanish 1839 GMT 17 Mar 86

[Text] President Luis Alberto Monge issued a communique this morning through Information Minister Armando Vargas saying that there is no agreement between Costa Rica and Nicaragua. The president said that Costa Rica believes only in an overall resolution of the Central American crisis and that he does not believe in bilateral agreements to face the region's crisis. Vargas read:

[Begin recording] It seems necessary to state very clearly that the Costa Rican Government has made no agreement with the Nicaraguan Government. What was done at the end of the meeting of deputy foreign ministers held on Wednesday, 12 March, was to draft the basis on which an agreement may be prepared. Therefore, it is incorrect to say that there is an agreement between Costa Rica and Nicaragua.

The negotiations that were made are the results of a suggestion I made 3 years ago so that an international group would watch the border between Costa Rica and Nicaragua and could determine the cause of the incidents that have occurred over the years that have brought anxiety to the homes of Costa Ricans living in the area.

The initial suggestion was rejected by the Nicaraguan Government. This leads me to believe that if they changed their opinion now it is because of international pressures on that government, and I feel that these pressures were necessary.

Participating in these talks does not mean that Costa Rica is abandoning its interest in having an overall agreement that resolves the Central American crisis. For this reason, we must go beyond a resolution of border incidents. There must be an agreement that resolves the problems of peace and security, as well as the democratization and the social and economic development of Central America. [end recording]

The information minister continued by saying that Monge feels that any resolution to the border problem must have a temporary nature while a general agreement -- such as that contemplated within the Contadora agreement -- is reached.

He said that 3 years have already passed regarding this agreement, and no progress has been made; the truth is that Central America has focused its hopes on the Contadora Document for an overall agreement.

EL SALVADOR

DUARTE ON POSSIBILITY OF REBEL DIALOGUE

PA172350 San Salvador EL MUNDO in Spanish 15 Mar 86 p 3

[Text] President Jose Napoleon Duarte has stated that he has not ruled out the possibility of holding talks with the Salvadoran guerrillas within the framework of the La Palma spirit; that is, without any conditions and at the national level.

Duarte was briefly interviewed by reporters at the presidential palace at noon yesterday when he was waiting for Costa Rican President-elect Oscar Arias Sanchez, who met him to personally invite him to attend the presidential inauguration events scheduled for May.

Explaining the case of the dialogue, the Salvadoran president said that "This issue must be examined from three levels: first, a national level, which is what we have tried to promote since 15 October 1984; then, the regional level which is what is proposed now within the conflict of Nicaragua with the contras; and, the international level, which is the Contadora level. [quotation marks as published]

The outlook for continuing the dialogue within the La Palma framework has not been ruled out, said Duarte, criticizing the FMLN stand of wanting to do everything by force. I have reiterated my theory on many occasions; I have said that I will not go to any dialogue through force or a tactical move. What is needed is sincerity by the fronts and not what they keep saying: that I am the bandit and they are the good guys, said the president.

Since Duarte's talks with Arias lasted until the early afternoon hours, we were unable to get the viewpoint of the future Costa Rican president regarding the regional political situation.

Costa Rica and Guatemala have been taking a stand that is not favorable to the contras because of the neutrality of those governments, and President Vinicio Cerezo and Sanchez have said that they will continue that policy.

At a luncheon given at the Camino Real Hotel on 13 March, Duarte referred to the creation of the Latin American parliament saying that it would be an instrument to curb Nicaraguan political activities that are not in line with the policy of the other countries in the region.

The creation of the parliament is an initiative of the Guatemalan president, and it must be made up of all five countries in the area.

GUATEMALA'S CARPIO CITED ON AREA SUMMIT

PA171914 San Salvador Canal Doce Television in Spanish 0300 GMT 14 Mar 86

[Text] Guatemalan Vice President Roberto Carpio Nicolle, who concluded a Central American tour in our country, said at a press conference that the presidents of all the Central American countries, including Nicaragua, have accepted the invitation to a May summit in the Guatemalan city of Esquipulas. Isidro Emilio Martinez reports:

[Begin recording] [Martinez] At a press conference held in one of the hotels in San Salvador, Guatemalan Vice President Roberto Carpio Nicolle announced today that all the Central American presidents have confirmed their participation in the summit to be held in Esquipulas during the second half of May.

[Carpio] Basically, the idea is to create a permanent Central American forum in the form of a parliament that will operate on a continuous basis. The vice presidents would be in charge of certain fields, while the presidents would handle the political aspects. This initiative would give the Central American countries the opportunity to take command of their own ship. This, of course, would not limit any other initiatives that may continue to exist outside the area.

[Martinez] Carpio also referred to President Duarte's proposal calling for simultaneous talks between the guerrillas and the governments of El Salvador and Nicaragua.

[Carpio] President Duarte's initiative is positive. I believe that solutions to the problems in the area can be discussed in the area. It is important to realize that any dialogue can be positive if it can bring the Central American countries together in seeking solutions to our problems, because unless we find a common point, we will never solve our problems, and instead they will continue to worsen.

[Martinez] Carpio added that vice presidents will have a role within the parliament, so that they can participate in the handling of Central American economic issues. [end recording]

GEN BUSTILLO ON USE OF NEW U.S. AIRCRAFT

PA180002 San Salvador Canal Doce Television in Spanish 0300 GMT 16 Mar 86

[Text] New A-37 and C-47 planes will be incorporated into the Air Force in the next few days. This announcement was made by General Juan Rafael Bustillo, Air Force commander. Here is a report by Carlor Armando Rivera:

[Begin recording] [Rivera] Air Force Commander Bustillo today announced that the United States will soon send new aircraft within the framework of an effort to dignify the war [dignificacion de la guerra] against leftist guerrillas.

[Bustillo] The use of the air weapon, in this type of struggle we are carrying out in our country, is very important because to have the surprise factor on your side you must be quick. In this regard the Air Force has the means to give the greatest mobility to the Armed Forces.

[Rivera] Will the Air Force ask the United States for more aid, or will it present a request to Congress so that this aid will be approved?

[Bustillo] We are under the Joint General Staff of the Armed Forces. That is where they decide all the overall needs of the Armed Forces. That is where we address all our requests in accordance with the needs and projects we have in order to destabilize the subversion. That is also where a distribution is made of the economic means in order to acquire the aircraft or weapons we need.

[Rivera] Does the Inter-American Defense College, a delegation from which is currently visiting our country, have anything to do with that?

[Bustillo] Yes, they are currently visiting our country. They pay an annual visit to certain countries of Latin America. On this occasion we have the opportunity to receive them and give them an explanation about our military activities. [end recording]

The Air Force currently has 50 UH-1H helicopters, 9 A-37 bombers, 6 Hughes 500 models equipped with special 4C47 miniguns, and Fouga planes to carry out a counter-insurgency struggle. The Salvadoran Government presented reports in the 1986 budget on the need for aircraft training so that this can be approved by the U.S. Congress, Bustillo reported. [end recording]

CITIZENS MARCH IN SUPPORT OF ECONOMIC MEASURES

PA172224 Panama City ACAN in Spanish 0043 GMT 16 Mar 86

[Excerpts] San Salvador, 15 Mar (ACAN-EFE) -- More than 60,000 people marched through the main streets of this city today to support publicly President Jose Napoleon Duarte's economic measures.

During the march, the demonstrators demanded that the government continue a sincere dialogue with the guerrillas in order to bring peace to El Salvador and continue the [economic] reforms. They also reaffirmed their support for the Christian Democratic government. The march, organized by the National Peasant Worker Unity, brought thousands of peasants and workers together from different parts of the interior in special buses. During the march, demonstrators were observed by security agents posted on corners where the march was to pass, in order to divert traffic.

The Salvadoran ultraconservative parties have criticized today's march from its inception, because "they consider it fraudulent and that most of the marchers were forced to participate. [quotation marks as received]

On the other hand, the government said this week that the organizers of the demonstration are "poor, peace-loving people who back the agrarian reforms and the recent economic measures decreed by President Duarte."

BOMB ATTACK DESTROYS CENSUS BUREAU, FILES

PA171609 San Salvador Radio Cadena YSKL in Spanish 1500 GMT 17 Mar 86

[By Raul Beltran]

[Text] We are making an urgent call from the General Directorate of Statistics and Census to the National Administration of Waterworks and Sewers [ANDA]. We repeat we are making an urgent call from the General Directorate of Statistics and Census, where armed individuals carried out an attack which initially destroyed 17 vehicles of the General Directorate of Statistics and Census as well as the files of this institution.

A fire, which began at approximately 0800, has prompted the general mobilization of the 250 workers, who are practically emptying these installations. They are moving out furniture, desks, filing cabinets, and some of the documents that were saved. They are placing them in the northern part of the building on Arce Street.

The fire occurred at 0800 when unknown individuals, who were heavily armed and carried incendiary bombs, hurled the bombs at 18 vehicles and proceeded to burn part of the general files of the General Directorate of Statistics and Census.

The problem being faced now by firemen is that the hydrants do not have any water. There are 5 fire trucks here with approximately 25 firemen. They are urging ANDA to supply the water as soon as possible to control the fire, which has already burned the southern part of the building and is threatening to spread to the general installations of the General Directorate of Statistics and Census.

We repeat this occurred on Arce Street and up to now, according to official reports, there have been no casualties.

Building Completely Destroyed

PA171739 San Salvador Radio Cadena YSKL in Spanish 1700 GMT 17 Mar 86

[Text] This is another report about the fire that began at the General Directorate of Statistics and Census at 0800 this morning.

The firemen were unable to control the fire after fighting it for 2 and 1/2 hours. The work of the firemen was hindered by the lack of water at the hydrants despite the great effort made by the firemen of San Salvador and the 10 fire trucks sent to the site of the incident.

Colonel Hector Fermin Aguila, director of Statistics and Census, has not been able to estimate the damage, but noted that three specific things were lost. He granted a special interview at the end of the actions carried out by the Fire Department, which was unable to put out the fire this morning. The entire building burned down.

Col Aguila told this station that, initially, the biggest loss is the building. He then continued to list the losses in this morning's tragedy:

[Begin recording] [Aguila] Second, the computer equipment which was rented, and third, some vehichles I have not checked because I have not gone to the back of the building. As you can see, in order to estimate the losses we have to make an evaluation. [passage indistinct]

[Beltran] Certain workers, especially those in the motor pool, said that the action was carried out by four young men armed with gasoline and other supplies. They placed the incendiary bombs in strategic places and proceeded to get the personnel out of the building. We repeat that this was an attack that has not been claimed by any of the guerrilla fronts operating in the country. What do you think was the objective of destroying the files, the vehicles, and the entire building?

[Aguila] If that is the way you put it, you know that this is part of the central government. Some of the files had been put onto film, and we will be able to recover them. I am surprised about the attack because this is a technical office. We do not recieve any revenue; on the contrary, we perform a service for our society. We give statistical figures of all kinds, on economic, social, demographic, cultural, and other matters.

[Beltran] How long do you think it will take to restore the General Directorate of Statistice and Census, according to what you have left and the strategy and the service you perform?

[Aguila] One would have to analyze the files recovered, and once this established, I think that current statistics can be handled perfectly well. However, the problem will be with historical statistics which were all burned.

[Beltran] Have you been keeping statistical data since 1920?

[Aguila] The first census was conducted in 1930. This was valuable data in studying El Salvador back then. [end recording]

REBELS REPORT RESULTS OF TRANSPORTATION STOPPAGE

PA140022 (Clandestine) Radio Vencermeos in Spanish to El Salvador 0000 GMT 13 Mar 86

[Text] The national transportation stoppage is in its 3d day in El Salvador and being carried out successfully in large areas of national territory.

On the 3d day of the national transportation stoppage sugar production has been paralyzed. We repeat: Numerous sugar mills in different areas of the national territory have been paralyzed as a result of the transportation stoppage.

A report states that international trade is paralyzed; fuel transportation to industrial centers is nil. The transportation of exports stands at zero. The objectives of the national transportation stoppage are being fulfilled through the interruption of the transport of export products, the source of foreign currency to maintain the genocidal battalions.

In this struggle to defeat this system of corruption, torture, death, hunger, and bombing of the people, the national transportation stoppage is our response and it continues with full effectiveness.

Stoppage Lifted

PA161900 (Clandestine) Radio Venceremos in Spanish to El Salvador 1400 GMT 16 Mar 86

[Text] Attention, much attention. Radio Venceremos announces that as of today, Sunday, the national transportation stoppage will be lifted. Therefore, beginning today, all the main and secondary roads in the country will be reopened.

Today we end a successful transportation stoppage implemented by the FMLN, dealing a serious blow to the Duartist regime's economy. It was a national transportation stoppage to repudiate the packaged swindle and the genocidal bombings against the civilian population. The national transportation stoppage has ended.

GUATEMALA

COSTA RICA'S ARIAS VISITS, MEETS LEGISLATORS

PA171810 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT 14 Mar 86

[Text] Attorney and political expert Dr Oscar Arias Sanchez, Costa Rican president-elect, met this afternoon with the Board of Directors of the Congress of the Republic headed by Alfonso Cabrera. According to reports, various topics, mainly related to the conflict-ridden Central American situation, were discussed.

The Costa Rican president-elect will be inaugurated on 8 May. Dr Oscar Arias, who was nominated by the ruling Social Democratic National Liberation Party, won the presidential elections in February.

Dr Oscar Arias Sanchez said that he came to Guatemala to honor an invitation from President Vinicio Cerezo with whom he strengthened the friendship ties that united our country with Costa Rica. He added that Costa Rica is seeking a dialogue to resolve problems with neighboring Nicaragua. Arias expressed joy for Guatemala's return to democracy.

The Costa Rican president-elect is accompanied in his Central American tour by Carlos Rivera, future deputy foreign minister, Dr Rodrigo Madrigal Nieto, future foreign minister, and Mr Erian Garzona Salazar, future public security minister.

Arias will leave for El Salvador tomorrow. He will meet with Napoleon Duarte, president of that brother country, and members of the Salvadoran Congress.

VICE PRESIDENT CARPIO PREPARES REGIONAL SUMMIT

FL180158 Mexico City NOTIMEX in Spanish 2155 GMT 17 Mar 86

[By Juan Gaudenzi]

[Excerpts] Guatemala City 17 Mar (NOTIMEX) -- If we descirbed U.S. military aid to the Nicaraguan contras, we would be involving ourselves in the Central American conflict and changing our neutral position, Guatemalan Vice President Robert Carpio has said.

In an interview granted to NOTIMEX, Carpio added that Guatemala is conscious of the fact that the results of its initiatives in favor of peace and Central American integration depend basically on external factors.

Carpio, chief assistant to Vinicio Cerezo in the design of Guatemala's foreign policy, took over the duties of the Presidency today while the president is on a trip to Venezuela and Puerto Rico. Carpio is responsible for preparing a meeting of Central American presidents to be held in the Guatemalan town of Esquipulas. Carpio explained that this meeting will be held on 12 and 24 May [as received] and that regional problems and the presidential initiative regarding the creation of a Central American parliament will be discussed at that summit meeting. The principal regional political currents will be represented in that parliament, the vice president said, adding that we are thinking in terms of a political organization consisting of 50 members, 10 from each country, directed by a five-man general secretariat that would rotate every 3 months.

The maximum authority of the parliament would be the plenum of the regional chiefs of state but there would be an intermediate level, represented by the vice presidents, to deal specifically with matters concerning economic integration.

Carpio, who has just returned from a tour of neighboring countries, said that in all of them he found total acceptance for the meeting in Esquipulas and for progressing in creating a parliament. He added that of course each government has its own ideas, for which reason the summit agenda will be discussed at a prepartory meeting to be held in April, either here or in Costa Rica, at which the vice presidents or the foreign ministers will participate.

To conclude, Carpio said that the contras are real, and they are located on the Nicaraguan border, just as the Salvadoran guerrillas are real. There are only two alternatives: to continue the war with foreign intervention or begin negotiations in which both sides make concessions.

GAM OPPOSES GEN LOBOS' DIPLOMATIC APPOINTMENT

PA160016 Guatemala City Cadena de Emisoras Unidas in Spanish 0050 GMT 15 Mar 86

[Text] Ines de Garcia, leader of the Mutual Support Group [GAM], said today that letters heve been sent to the sister Republic of Panama urging that it not accept General Rodolfo Lobos Zamora as a representative of our government. GAM specifically requests that Lobos Zamora be declared persona non grata and that the government's approval be denied [5-second break in transmission] one of the intellecutal authors of kidnappings and illegal arrests.

GAM organized another demonstration this afternoon in front on the National Palace demanding a trial and the punishment of those who killed our people.

Lobos Zamora was insistently mentioned along with other former military and police commanders. GAM said it will not relent in its struggle for the respect of human rights and justice, adding that Lobos Zamora's appointment as ambassador was a humiliation for the group and the Guatemalan people.

GAM will not be ordered around by anyone; it is only moved by sorrow, said Mrs Ines de Garcia in a statement made this afternoon to GAM members. She said they can march with their heads held high because no one can order them around. She added the only thing that may move them is the sorrow of being separated from their loved ones and not having information about them. Ines de Garcia said to GAM that they may feel very pleased because the international community has supported them morally; proof of this is that GAM was recently nominated for the Nobel Peace Prize.

PRIVATE SECTOR DISAGREES WITH ECONOMIC PROPOSAL

PA171234 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 13 Mar 86

[Paid advertisement of the Coordinating Committee of Farming, Commercial, Industrial, and Financial Associations, CACIF, dated 12 March Guatemala City -- read by announcer]

[Text] The Coordinating Committee of Farming, Commercial, Industrial, and Financial Associations, CACIF, states the following in connection with the government's proposal regarding the need to implement a program of national reorganization:

1. The country's organized private sector reiterates its readiness to contribute in any way that will lead to our homeland's enhancement and the prosperity of its inhabitants, as was publicly stated at the beginning of the current administration.

2. In this regard, it is ready to engage in dialogue on a package of measures aimed at addressing the serious economic and social problems plaguing our nation.

3. Notwithstanding, it must be clear that the process of harmonization [concertacion] regarding the proposed program has primarily taken place among the various advisers of the government, so much so that the private sector is not familiar with the details. Consequently, and based on the right to disagree in a democratic system, the private sector reserves the right to give its opinion in the future on specific measures that are still unknown.

4. Acknowledging the fact that it is necessary for various sectors to assume their share of the sacrifices to stop the process of economic and social deterioration, it is a source of concern that in the political document presented to the Guatemalan people, the government, rather than limiting itself to the essential, emerges bigger than before. This forces us to point out the danger that good intentions may be distorted by a wider state intervention.

COTTON GROWERS CRITICIZE GOVERNMENT POLICY

PA171918 Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 13 Mar 86

[Paid advertisement by the National Cotton Council and UNAGRO, National Agricultural Union; no date given -- read by announcer]

[Text] Is the consensus aimed at creating jobs or not?

The Christian Democratic government intends to reduce to 30,000 manzanas the cultivation of cotton, leaving 10,000 without cultivation, because, it claims, cotton production must be sacrificed in order to use that land for the diversification of agriculture. However, with that measure, this administration will leave at least 28,000 peasant families, with an average of six people per family including children and elderly, without a source of income. It will prevent workers who make a living from cotton from earning 32 million quetzals in wages. It will take the government 5 years to diversify crops in the 10,000 manzanas currently used to grow cotton, and there is still no certainty that effective results will be obtained, thus placing 240,000 Guatemalans in poverty. These are Guatemalans who, thanks to the 100,000 manzanas that cotton growers can work nowadays, have a sure job and a salary.

Is the consensus aimed at creating jobs or not?

HONDURAS

PRESIDENT ON ACTIONS OF FIRST 40 DAYS IN OFFICE

PA171432 Tegucigalpa LA TRIBUNA in Spanish 10 Mar 86 p 8

[Text] During the inauguration of the 20th national agricultural, industrial, and trade exhibit in Choluteca on Saturday, President Jose Azcona promised to respect the right of private property. In his speech, the president presented a report on the main activities carried out in the first 40 days of his government and reiterated that honesty and justice will be the norm of behavior during his administration.

"Morality and total dedication to governmental activities will be a constant commitment for all government officials, from the president down to the lower echelon of the government system." The president added that "we also promised that despite the most adverse circumstances, we will not yield to the interests of any group that may attempt to harm the rights of another sector. Justice will be our best guide."

Azcona reiterated that in the search for the common good, "the daily task will be to protect the respect of the right of private property. These concepts are fundamental as principles of the liberal doctrine and will be sacred for us."

Speaking of what he has done in the first 40 days of government, he said that in those days he has talked with almost all the sectors of the nation and will continue to talk so that all decisions made by the government, as much as possible, may have the support of the Honduran people.

President Azcona said that among the measures he has adopted to date, and which he promised during his political campaign, are: incentives for cotton production; more jobs for teachers; 3,000 new road maintenance jobs; 10 million lempiras to finance the construction of houses; and others.

The president also announced that the government has decided to increase the trust fund handled by the Honduran Central Bank for transportation, to speed up the use of resources from loans and donations from international financial organizations, and to increase the fund for small farmers and craftsmen.

Regarding the measures to reduce operating expenditures, the president said that some positions in the diplomatic and consular service have been eliminated because they are not considered necessary.

He also said that the government has canceled the scholarships that it used to grant to youths for studying abroad professions that are taught in Honduran universities.

GOVERNMENT SUPPORTS SALVADORAN PEACE PROPOSAL

PA162315 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 13 Mar 86

[Communique issued by the Foreign Secretariat; date not given -- read by Danilo Antunez]

[Text] The Honduran Government today officially received a copy of the note presented by the Salvadoran Foreign Ministry to the Nicaraguan commercial attache in El Salvador addressed to Commander of the Revolution Daniel Ortega Saavedra, Nicaraguan president. The note contains Salvadoran President Jose Napoleon Duarte's peace proposal to all Central American presidents. The peace proposal is summarized as follows:

1. A simultaneous dialogue between you, President Ortega, and the Nicaraguan political and military opposition groups in Nicaragua; and between my government and the FMLN and FDR in El Salvador. The two dialogues must be held on the same day and at the same hour.

2. A meeting of all Central American presidents aimed at finding joint, integral solutions to the region's problems.

3. The integration of a Central American parliament, with all political and social sectors of the region represented, which will provide a permanent forum for dialogue and consultation of regional problems.

The Honduran Government fully supports Salvadoran President Jose Napoleon Duarte's peace proposal presented to the governments and peoples of Central America. The violence experienced by the area can and must be resolved through negotiations leading to a balanced understanding.

The Salvadoran president's peace proposal also reiterates the statements included in the Caraballeda Message for Peace, Security, and Democracy in Central America; in the Punta del Este document dated 28 February 1986 and issued by the foreign ministers of Colombia, Mexico, Panama, and Venezuela, members of the Contadora Group, and by the foreign ministers of Argentina, Brazil, Peru, and Uruguay, members of the Support Group; and in the draft of the Contadora Group Document for Peace and Cooperation in Central America in accordance with the text proposed in 1985.

In accepting and supporting the peace proposal presented by Salvadoran President Duarte, the Honduran Government invites the Nicaraguan Government to accept the proposal so that in a noble action it may also grant its approval and implement it.

COSTA RICA'S ARIAS HOLDS PRESS CONFERENCE

PA161655 Tegucigalpa Radio America in Spanish 2049 GMT 15 Mar 86

[Press conference by Costa Rican President-elect Oscar Arias in Tegucigalpa with national and foreign reporters -- live]

[Text] [Arias] [Sentence indistinct]. First, I want to greet the Honduran Government officials and people on behalf of the Costa Rican Government and people. I have paid a short visit to some friendly Central American countries -- Guatemala, El Salvador, Honduras -- to confer with their presidents.

I believe that nothing unites the peoples more than personal knowledge if we want to have friendly relations in which we can talk over the telephone and solve the problems of our two peoples in the traditional diplomatic ways. We discussed many topics. We believe that the future of democracy in Central America depends largely on the success of the weak Central American economies. For this, we must contribute the best of our intelligence, willingness, and work to achieve the growth rates Central America had in the past but no longer exist today for reasons familiar to all of you; namely, the common market crisis, protectionism by wealthy Western countries, whether socialist or capitalist, and the deterioration of trade for our products. At least for the moment, these conditions have improved with a rise in the price of coffee and a drop in oil prices. Undoubtedly however, a sort of Damocles' sword hung over the development of the Central American economies for many years.

We also mentioned the need to struggle tirelessly to find peace and a solution for the problems that still plague friendly countries; to do our utmost to have peace, and also to reiterate what we have often said; namely, that it is difficult to attain this peace if there is no democracy in all of Central America. Costa Rica, as the peaceful country it is with a long civil tradition, still hopes that it is possible to find a solution for the disagreements between friendly countries through negotiation.

Generally speaking, my short visit ends in this country. I am really pleased to be able to tell you that the four presidents have agreed to support an initiative by President Napoleon Duarte whereby he offers to hold a dialogue with the Marxist-Leninist guerrillas that oppose him. Duarte makes the condition that this dialogue parallel a dialogue between the Daniel Ortega government and those who oppose the Nicaraguan regime. We of the four countries have supported this initiative by Duarte, and I am very satisfied because this is another step in our being able to show the world that the Central American democratic nations are convinced that the flame of hope still burns here and that it is possible, though negotiation and a political solution, to find the peace that the future economic development of the Central American area demands. This is basically why I have visited this great Honduran nation.

[Moderator] Douglas Membreno of Radio America.

[Membreno] The Costa Rican president-elect has said the four Central American countries support Salvadoran President Duarte's initiative. To what extent will this support for the Duarte initiative weaken or (?strengthen) trust in the Contadora peace process?

[Arias] The effort of the four Contadora countries at the Support Group helps bolster this trust. At least this support has the same purpose of seeking a political solution for Central American problems. The two do not oppose each other; quite the contrary, it is another push for the Contadora and Support Group efforts.

[Moderator] Danilo Antunez will now ask a question.

[Antunez] After you talked with the other presidents of the region, we would like to hear your opinion on the $100 million in aid President Reagan has requested for the Nicaraguan counterrevolutionaries. Is this equivalent to adding firewood to the fire?

[Arias] [Words indistinct] Costa Rica's stance as a civilian country advocates dialogue because all democrats feel that dialogue is the best of solutions and have faith in the possibility of settling disagreements through talks and negotiations. To negotiate it is necessary to give and take. This is what Costa Rica has always stated. We advocate a political rather than a military solution. For this, and in agreement with this, we Costa Ricans have advocated and will continue to advocate that Central American problems be solved through dialogue and negotiation rather than through war.

[Question indistinct]

[Arias] Any answer that I could give is but a hypothesis, a conjecture. The truth is that President Reagan currently attaches the greatest importance to the Central American nations. For this reason, perhaps, he has chosen one of his ablest diplomats, Philip Habib. He has great experience and knowledge and has already demonstrated his ability in solving conflicts elsewhere in the world. I can only say that the best U.S. diplomat will try to seek solutions for Central America.

[Moderator] Reporter (?Graciela) Murillo of the ABC newspaper of Madrid, Spain.

[Murillo] Mr President-elect, I would like to know your opinion on why Nicaragua was not invited to the meeting held in San Jose on Thursday, in which an ad hoc commission was formed to seek economic and financial solutions for the area. It was said at the time that Nicaragua was not invited for reasons (?related) to free enterprise. In addition, we want to know the mechanisms for the implementation of the Contadora and support group initiative by the recently created commission to prevent (?tension) and conflicts at the Nicaragua-Costa Rica border.

[Arias] Regarding the latter, all I can tell you is that I believe -- and I reiterate something I have said many, many times, because this is what I believe -- that the peace problems in Central America can be solved only on a multilateral and not a bilateral basis. It is not through Nicaragua negotiating with Costa Rica, Honduras negotiating with Nicaragua, Honduras negotiating with El Salvador, or Guatemala negotiating with El Salvador that border problems or disagreements between these nations can be settled. I think -- hence our support for Contadora -- that it is necessary to sign a document that commits all countries economically, socially, and politically, and particularly the latter. We want democracy for all Central American nations because there be no peace without democracy. Regarding the first questions, I really have no answer because I know of no answer. I do not know why Nicaragua was not invited to discuss the economic and particularly the financial problems, or rather how to finance these countries' deficits. I really cannot account for and cannot justify that. I did not even know that Nicaragua had not been invited. These topics really concern those countries that trade with each other to some extent I venture an opinion which is that Nicaragua does not trade much because it neither buys nor sells much in Central America.

[Moderator] Another of the reporters, Valdes, will now ask a question.

[Valdes] Mr President, what will happen if this initiative by President Duarte is not accepted by the Nicaraguan Government or the objectives you have stated are not achieved? Also, what is your personal opinion regarding the statement made by President Reagan to the effect that he is a contra?

[Arias] Regarding the latter, it is a reiteration by the U.S. President that he believes that the military pressure the contras may exert is necessary and essential in order to force Daniel Ortega's government and the nine commanders to sit down at a table to negotiate. Regarding the other part of your question.... [interrupted by unidentified person whose words are indistinct] I would say that it would be truly traumatic and frustrating to see an initiative prepared and stressed by 4 Central American nations -- and which has been an old struggle among 12 countries, the 4 of Contadora, the 4 of the Support Group, and the 4 Central American nations which for many years have tried to find a political solution to the Central American conflicts -- come to an untimely end due to the stubbornness, the lack of willingness of the Sandinist government to see that if there is no negotiation -- and negotiation implies yielding and compromise -- there is no possible political solution to the differences existing with Nicaragua, and I do not believe in this type of behavior. For us it would be a sort of [words indistinct] after making so many efforts to find a political and negotiated solution, for the effort to fail due to the stubbornness of Daniel Ortega's government.

[Unidentified reporter] Mr President, speaking of peace, would you lend your territory for the preparation of a possible invasion of Nicaragua by the U.S. Government?

[Arias] As you know, for a very long time Costa Rica has proclaimed its neutrality, and I believe you know the definition of this neutrality. Costa Rican neutrality does not mean to be neutral in the struggle between East and West, because we fully identify with Western values, with the values and principles of Western democracy. However, this neutrality means that Costa Rican territory will not be used for military ends. We have done this in the past, we will do it again in the future, and I really intend to make this neutrality effective and real. I have said that with our Foreign Minister Rodrigo Madrigal [as heard], we want to change Costa Rican diplomacy and we believe we have the prestige to do so because we are a very well established democracy in Central America and Latin America. We will use the worldwide prestige we have an an exemplary democracy to struggle for the search for peace and democracy in Central America and Latin America in general.

ARMY, SANDINISTS EXCHANGE FIRE ALONG BORDER

PA171437 Tegucigalpa Cadena Audio Video in Spanish 1130 GMT 17 Mar 86

[Report by Juan Ramon Aguileraz. from Choluteca -- live telephone relay]

[Text] On Friday, 14 March, the EPS attacked our territory for 8 hours, from 0830 until 1630. The surroundings of La Tetera, a small hamlet located 2 km from San Marcos de Colon, were burned by grenades and mortars launched from Nicaraguan territory. In addition, a paddock of San Diego ranch, owned by Ramon Victor Molina, was burned.

The surroundings of the customs office and nearby hills where Honduran soldiers had taken up position were also burned. More than 100 vehicles, including vans, trucks, and tourist buses were parked along the Panamerican Highway between San Marcos de Colon and the Nicaraguan border because customs employees left their offices in response to an order of the chief of vigilance to evacuate.

More than 1,000 well-armed Sandinist troops have taken up positions on the Nicaraguan border with arms and heavy mobile equipment. They also have caterpillar tractors digging trenches to conceal soldiers and weapons in the event of bombings. This was reported by tourists coming from that country.

The firing lasted 8 hours, and although our Army has orders not to respond to attacks from Nicaragua, our troops had to repeal the aggression with heavy weapons and intense fire. This is how they stopped the attack.

We want to warn that we did not say that the customs office was destroyed. That was a report that was interpreted incorrectly. Thus, we are explaining the following, the customs office was not destroyed. It surroundings were set on fire by Sandinist weapons.

No one can doubt now that Nicaragua has declared war on us.

The open fire was from Honduras [as heard] and it was not a dream because it hit the customs office [words indistinct] and burned the country's vegetation.

Border residents are constantly nervous. They are afraid that they will lose their humble belongings, and they continue to await a fatal outcome.

U.S. TROOPS LINKED TO COMAYAGUA HEALTH PROBLEMS

PA152155 Panama City ACAN in Spanish 1828 GMT 13 Mar 86

[Excerpts] Tegucigalpa, 13 Mar (ACAN-EFE) -- Honduran President Jose Azcona Hoyo announced today that control measures will be adopted for U.S. troops stationed in the country in the wake of reports of several cases of AIDS and sexual abuses. In brief statements to local reporters, the Honduran president confirmed that he has already received a complete report on certain irregularities committed by the American soldiers. The Americans are stationed at the Honduran Air Force Base in Palmerola near the city of Comayagua, which is in the department bearing the same name approximately 100 km north of Tegucigalpa and has a population of approximately 40,000 people. A large number of cases of verneral diseases and several cases of AIDS have been detected in Comayagua among prostitutes who maintain relations with the American troops.

"The U.S. troops that are here on a permanent basis, and those participating in the maneuvers are under the jurisdiction of Honduran law, which will be applied in addition to other control measures if the abnormalities reported are proven," Azcona told reporters.

The president added that health measures have already been implemented with the cooperation of U.S. diplomatic authorities and military doctors.

NICARAGUA

REPORTAGE ON REACTION TO REAGAN SPEECH

Ortega Comments

PA171449 Managua Radio Sandino in Spanish 1214 GMT 17 Mar 86

[Text] Reagan must be out of his mind by declaring himself a contra, Presient Daniel Ortega has said in Stockholm. At a press conference, the president said in commenting the recent developments in Central America that Reagan's political position is immoral and worrisome.

Although there is international opposition to U.S. policy in Central America, Reagan insists in his position and calls himself a contra, Ortega Saavedra stressed. It seems as if he has lost his senses, and this is dangerous, because the United States is a world and atomic power, he said.

The Nicaraguan president harshly criticized the contacts made by Philip Habib, the U.S. envoy to Central America, and the stance adopted by Salvadoran President Jose Napoleon Duarte. Duarte isjust a puppet manipulated by Reagan, Ortega said.

The U.S. Government and Reagan are bent on destroying the revolution, and hence they have ordered Duarte to write a letter in which he conditions his talks with the Salvadoran revolutionary forces to Nicaragua's dialogue with the contras, he said.

Ortega added that Habib's mission in Central America was to pressure the governments into supporting Duarte's proposal.

President Ortega said that Nicaragua will ask neighboring countries to support the recent agreement signed in Punta del Este, Uruguay, which calls for an inter-American force to guard the Nicaraguan-Costa Rican border in order to prevent armed clashes. A similar proposal will be made to the Honduran Government.

Says Palma Death Benefits Reagan

PA171950 Managua Sistema Sandinista Television Network in Spanish 0203 GMT 17 Mar 86

[Text] President Daniel Ortega Saavedra reiterated today in Stockholm his government's willingness to meet with U.S. President Ronald Reagan and find solutions to improve relations with neighboring countries.

Ortega, who is attending the funeral service of assassinated Swedish Prime Minister Olof Palme, has had a busy agenda during which he met with presidents and high-ranking government officials who attended Palme's funeral.

In an interview, President Ortega said that Palme was one of the men who, at the international level, opposed Reagan's policy on Central America, and he pointed out that one of the few who benefit from Palme's assassination is President Reagan.

President Ortega criticized the harsh U.S. policy against Nicaragua and said that President Reagan's description of himself as a contra is worrisome. He gives the impression that he has gone out of his mind, Ortega said.

Radio Sandino Reaction

PA171426 Managua Radio Sandino in Spanish 1235 GMT 17 Mar 86

[Text] U.S. President Ronald Reagan once again resorted to calumnies and obscurantism during his televised speech last night concerning Nicaragua. According to international dispatches from Washington, Reagan brandished the threat of a communist takeover of Central America if the U.S. Congress does not approve his request for military aid for the Somozist mercenaries.

Short of 12 to 18 critical votes in the House of Representatives for the approval of this proposal next Wednesday or Thursday, Reagan urged the U.S. public to contact their representatives and convince them that they should deny an alleged beachhead to the USSR on the American continent.

In addition, Reagan boldly lied, stating that the Sandinist government dispersed protest meetings with raids, violent mobs, and submachine guns, and that Catholics were beaten on the streets after attending religious services, although he did not specify the date, hour, or place of the alleged actions.

After regretting that President John Kennedy tragically did not have an opportunity to adopt a decision to deter communism in Cuba, Reagan added that the worst tragedy today would be to remain inactive and permit this cancer -- not the one he has on his conscience -- to expand, leaving his successor with the need to adopt more hurtful measures in the next few years. He was undoubtedly hinting at an eventual need to invade Nicaragua.

In this manner, the White House tenant exerted pressure over the U.S. Congress, alarming the legislators and U.S. society with the same argument about communism he used on the eve of his invasion of Grenada.

Meanwhile, U.S. Senator Jim Sasser said that President Reagan has adopted military actions against Nicaragua without really trying to adopt a peaceful solution. He said so in replying on behalf of the Democratic Party to Ronald Reagan's speech urging the U.S. Congress to renew the military and lethal aid for the Somozist mercenaries.

In a statement broadcast live on television following the presidential speech, Sasser said that President Reagan is requesting $100 million to expand an undeclared war in Nicaragua before trying to reach a negotiated solution. Regarding the atrocities that Reagan gratuitously attributed to the Nicaraguan Government, Sasser said that they are dim compared to the ones perpetrated by the Somozist mercenaries who are being tragically subsidized by the U.S. taxpayers. If President Reagan's objective is to overthrow the Sandinists in the military field, he should come forward and say it, because this objective cannot be achieved without direct U.S. intervention in a long and bloody war, he added. Sasser urged President Reagan not to fall into that quagmire, stressing that what Reagan is really proposing is expanding the war in Nicaragua, and he urged him to implement a policy in that Central Ameican country the United States will not have to be ashamed of.

From another quarter, the Nicaraguan Government issued a call to the United States to adopt a serious and responsible policy in Central America, in response to President Ronald Reagan's speech in which he stressed the need to help the Somozist mercenaries.

In a communique published by the Nicaraguan Embassy in Washington, the Sandinist government noted that a serious and responsible policy is urgently needed, and should not be replaced by incendiary rhetoric based on false information and totally distorted facts. Contrary to Reagan's assertion, the communique added, more aid for the counterrevolutionaries -- whether described as military or humanitarian -- is imcompatible with the Contadora Group efforts, aimed at trying to prevent war by promoting peace through dialogue and negotiation. The Nicaraguan authorities added: Presenting this in a different way is trying to deceive the U.S. Congress and the U.S. public, misleading them into supporting a polciy of gradual military participation of U.S. troops in Nicaragua and declaring a bloody regional war in Central America.
For his part, Nicaraguan President Daniel Ortega reaffirmed his government's willingness to meet with U.S. President Ronald Reagan and to seek solutions to improve its relations with its neighboring countries.

Ortega, who attended funeral services for the assassinated Swedish Prime Minister Olof Palme in Stockholm, described his U.S. counterpart as the leader of the counterrevolutionary organizations trying to overthrow the Sandinist government.

On various occasions, the Nicaraguan Government has stressed that at no time will it hold talks with the contras based in Honduras and Costa Rica, because these groups are considered a U.S. creation.

Labor Leader Cited

PA171929 Managua Radio Noticias in Spanish 1254 GMT 17 Mar 86

[Text] President Reagan delivered a speech in support of the $100 million for the contras. Among the main points, Reagan said that there is a growing threat to U.S. security. He said that Nicaragua threatens U.S. security, that Nicaragua is a Soviet ally, that it receives more than $1 billion in aid from the Soviet bloc to destabilize Central America as well as some South American countries, that in Nicaragua there are thousands of Cuban advisers and contingents of Soviets, East Germans, the PLO, and Red Brigades, and that Al-Qadhdhafi is happy about this.

He said that U.S. troops are not needed because the democratic resistance, in other words, the anti-Sandinists fighting in Nicaragua, are only asking for supplies and support to save their country from communism. He said that the first target of the Nicaraguans is their neighbors as well as some South American countries. He mentioned that the government supports the guerrillas of Colombia, Ecuador, Chile, Argentina, Uruguay, the Dominican Republic, and Brazil. The alleged support to other guerrillas has been [word indistinct]. He said that the Nicaraguan Army is the biggest with (?120,000) men [words indistinct] and that it is a real threat. He said the independent newspapers are closed, that there is no independent labor movement, that the Catholic Church was [word indistinct], that the priests have been expelled, and a number of other things.

We spoke with labor leader Carlos Salgado (?and several others), and he said that [words indistinct] that the independent movement has not been restricted and that only yesterday they held an enormous demonstration with thousands of representatives of the union movement with regard to the 1 May preparations. On their part, [two names indistinct] said that all of this could be part of a destabilization and disinformation campaign so that Reagan will obtain the $100 million and so that he will obtain opinions against the Sandinist government here in Nicaragua in order to support his campaign.

TANA Issues Communique

PA180235 Managua International Service in Spanish 2231 GMT 17 Mar 86

[Text] The Anti-Imperialist Tribunal of our America, TANA, criticized the base language used by President Ronald Reagan to try to justify the millionaire [millonario] petition he has submitted to Congress to continue financing the Somozist mercenary bands. The following is TANA's communique as read by its Executive Secretary Freddy Balzan:

[Begin recording] First, the Anti-Imperialist Tribunal of our America categorically rejects the base language used by the President of the United States to try to justify his policy of state terrorism against Nicaragua. Evidently, this policy of the Reagan administration has been unfavorable to the administration. All of Latin America not only views this attitude with surprise and indignation; at the same time it increases its solidarity with Nicaragua. This is happening when U.S. imperialism has practically decided to proceed with its aggression against Nicaragua.

The Reagan administration is trying to justify its immoral policy by any means in its appeal to Congress for the $100 million. The U.S. Government is also trying to undermine the revolutionary government, a goal it will not achieve, as was recently confirmed by Peruvian President Alan Garcia's support to Nicaragua. [end recording]

Reagan Policy 'Interventionist'

PA181440 Managua Radio Sandino in Spanish 1320 GMT 18 Mar 86

["Beyond the News Reports" feature by Eligio Alvarez Montalban: "What Is the New Reagan Doctrine?"]

[Text] President Ronald Reagan reportedly announced in Washington on Saturday the implementation of a new foreign policy regarding Third World countries. It is a policy that has begun to be known in the United States as the Reagan doctrine.

According to the U.S. President, this new policy is allegedly aimed at fighting all dictatorships, whether rightist or leftist, and at establishing representative and democratic governments. This means that he is abandoning the so-called Kirkpatrick doctrine, which advocated the tolerance of autocratic Latin American governments friendly to the United States.

What then is the meaning of the emergency of this doctrine at a time when Washington is willing to overthrow the Sandinist government of Nicaragua through the aid to the Somozist contras?

To many observers and foreign policy analysts this is due to the fact that the cases of Haiti and the Philippines, where Washington was able to oust the dictatorships of those countries without endangering his status and almost without bloodshed, have encouraged Reagan to try to do the same in other nations that he considers totalitarian, such as Chile and Nicaragua.

According to the same observers, it seems that the experienced diplomat Philip Habib, his special envoy in Central America, has advised Reagan to adopt this new policy to show the world's public the democratic nature of the Reagan administration and its intention to establish constitutional governments, especially in Central America, using diplomatic, political, and military pressure for this as was done in Haiti and the Philippines and as is being done in Nicaragua now.

According to observers, in this way Washington's charges against Pinochet's dictatorial regime in Chile and Reagan's criticism of it would serve to justify the political and military aggressions against Nicaragua and thus pave the way to subsequently overthrowing its regime.

As one can see, the announced Reagan doctrine, instead of intending to rectify the situation, appears at a time when Reagan is desperately seeking to convince the U.S. Congress and his country's people of the urgent need to give $100 million to the Somozist Contras and the need to support the mercenary bands that are trying to overthrow the Governments of Afghanistan, Cambodia and Angola.

But, as the observers noted, the new Reagan doctrine is nothing but a new version of the interventionist policy of Washington which, under the pretext of fighting rightist and leftist dictatorships, seeks to establish other dictatorships that are unconditional friends of U.S. imperialism.

UN REPRESENTATIVE DISCUSSES REAGAN'S POLICY

PA142148 Managua Radio Sandino in Spanish 1930 GMT 12 Mar 86

[Text] Nora Astorga, Nicaraguan permanent representative to the United Nations, said at the United Nations that Ronald Reagan's renewed political aggressiveness in favor of military aid to the Nicaraguan counterrevolution is opposed to the wishes of Latin America.

The new Nicaraguan representative to the United Nations said during a press conference that the U.S. Congress debate on the aid requested by Reagan to support the counterrevolutionaries is of great importance for Central America, Latin America, and also for the United States. Astorga said that the problem is whether to use force to subdue the political will of the Latin American countries or to try to reach a negotiated solution promoted by Latin America.

CUBAN MIXED COMMISSION CONCLUDES WORK SESSION

PA150321 Managua Domestic Service in Spanish 0300 GMT 13 Mar 86

[Text] The work sessions of the Mixed Commission for Technical-Scientific and Economic Cooperation between Nicaragua and Cuba concluded today. During the farewell event, Commander of the Revolution Henry Ruiz talked with the press about the economic plan for 1986 and the role that the workers in the production and services sectors must fulfill. Speaking about the behavior of some workers who affect the work of the state in the revolution, Commander Ruiz said:

[Begin recording] However, what is most dangerous is that we have developed a consumer and squandering mentality. We have cadres here who when told there is a job to be done first ask: Where is the car? You call on a superior cadre to operate an enterprise, and the first thing he asks is: Where's the car, how much does it pay, and how much is the expense account going to be? That is the mentality we must struggle against. The FSLN has tried and continues to try to change this mentality. This year even the party's budget is very tight. The revolutionary state as a whole has cut the budget, despite the high inflation we are experiencing, in an attempt to get ministers, and those responsible for certain areas to handle the funds they receive more efficiently.

We have had some political fears. For example, what happens when we reduce the national budget by 25 percent? Unemployment. How can we resolve the problem of unemployment? The other issue is that cadres believe the state can continue to create job sources indefinitely. That is a national (?defense) problem. This country does not have the money to support such a large state. The plan includes measures to protect against the compression [compactacion] of the state. [end recording]

Agreement Outlined

PA150240 Managua Radio Sandino in Spanish 1930 GMT 12 Mar 86

[Text] Ernesto Melendez, first vice president of the Cuban State Committee for Economic Cooperation, has said Cuba will increase its cooperation with Nicaragua this year and next. Melendez said that last year's results of Cuba's cooperation were highly positive.

He said that his country's policy is to fully support those fields requested by the Nicaraguan Government. Here is what he said just before returning to his country:

[Begin recording] [Melendez] The 1985 cooperation program was satisfactory. It was a broad program that consisted of cooperation in Nicaraguan revolutionary government development programs in several basic sectors such as public health. We cooperated by supplying brigades of doctors who served in different parts of the country. Education is another field in which we cooperated by supplying scholarships, teachers, and professors for secondary and higher education. We also participated in programs for economic and social development. I definitely believe that 1985 showed positive results.

[Unidentified reporter] What are the requirements for the 1986 agreement?

[Melendez] We are going to maintain the same measures. We will continue our cooperation in all of the fields in which we participated in 1985. Our presence here is to support the Nicaraguan revolutionary government's programs. We are cooperating by providing advisers, technology, and experience. In our cooperation no side is trying to impose on the other. We are going to try to increase our cooperation for this year and the next. However, this depends on what the Nicaraguan Government wants. We feel that this is the moment, as I said yesterday when we were signing the agreement, to increase our cooperation and make it more efficient in view of the imperialist pressures against Nicaragua such as the $100 million in aid for the counterrevolution, the trade embargo, the suppression of technological exchange, and trade barriers. [end recording]

GOVERNMENT, EPS HONOR CUBA'S ARNALDO OCHOA

PA150038 Managua BARRICADA in Spanish 12 Mar 86 p 8

[Communique No 53 issued by the Defense Ministry's Public and Foreign Relations Directorate in Managua, dated 10 March]

[Text] The Defense Ministry reports that: 1. A ceremony was held on Saturday, 8 March, at the "Carlos Aguero" School in recognition of the work performed by Division General Arnaldo Ochoa, member of the FAR, as head of the group of Cuban Military experts in our country. The ceremony was presided over by Acting President Sergio Ramirez and Commander of the Revolution Humberto Ortega, defense minister, both of whom honored Gen Ochoa with distinctions and decorations on behalf of the government and the EPS. Commander of the Revolution Luis Carrion Cruz, acting interior minister, was also present.

2. Div Gen Ochoa departed for Cuba on Sunday 9, March. He was replaced by Brigadier General Nestor Lopez Cuba.

Managua, 10 March 1986, Defense Ministry Public and Foreign Relations Directorate

COSTA RICAN AMBASSADOR PRESENTS CREDENTIALS

PA141458 Managua Radio Sandino in Spanish 1200 GMT 14 Mar 86

[Text] Oscar Castro, the new Costa Rican ambassador to Nicaragua, presented his credentials yesterday to President Daniel Ortega Saavedra at a ceremony at the Cesar Augusto Silva Conventions Center.

The top Nicaraguan leader stressed that the reestablishment of relations at the embassy level is a very positive step in favor of the efforts that have been made to stabilize relations between the two countries. Upon receiving Castro's credentials, President Ortega said that the Nicaraguan Government and people will overcome every obstacle and face every provocation to strengthen ties between the two countries. President Ortega said the second meeting of the control and supervision commission is a very important step toward avoiding border incidents between the two countries.

Meanwhile, Ambassador Castro told Commander Ortega Saavedra that although their countries are of different political alignments, they are brothers linked geographically and historically. Castro also admitted that the establishment of the border vigilance commission is a very important step toward achieving peace.

FDN ON 'INCREASED' MILITARY OPERATIONS IN NORTH

PA160434 Panama City ACAN in Spanish 2157 GMT 14 Mar 86

[By Armando Cerrato]

[Text] Tegucigalpa, 14 Mar (ACAN-EFE) -- The anti-Sandinist Nicaragua Democratic Force [FDN] reported today in Tegucigalpa that it has increased its military operations in northern Nicaragua. Frank Arana, official FDN spokesman in Honduras, said that armed clashes with the Sandinists have increased "in the past few days, despite the fact that we do not have many military supplies and that the bulk of our forces are inactive in the mountains of Nicaragua."

In an exclusive interview with ACAN-EFE, Arana said that there have been clashes in the Departments of Nueva Segovia, Jinotega, Boaco, Chontales and Zelaya, where FDN commands have been constantly harassed by numerous Sandinist forces. Arana added that there were 36 armed clashes in February in which the Sandinists sustained 364 casualties, of which 166 were fatal. "We have been attacked several times by MI-24 helicopters, attacks that have been devastating to our forces, who did not even have bullets for their AK-47's to defend themselves," said Arana. The FDN spokesman said that some of the SAM-7 rockets the rebels were planning to use to stop the MI-24 attacks did not work, "probably because they are too old or because the hunidity or other inconveniences of the struggle in jungle have affected their electronic parts."

"We are fighting out of sheer courage, sometimes getting what we need from the enemy troops. However, when our forces ambush the enemy their objective is to destroy rather than to replenish their stock from what they can seize from the enemy," Arana explained. Among the combats that have taken place during the past few days in northern Nicaragua, Arana particularly mentions "an ambush carried out on 11 March against two armored units in Puertas Nuevas, Nueva Segovia, in which the enemy lost 18 men." He also referred to the occupation of a sector of the highway between Jalapa and San Nicolas where on 12 March FDN units destroyed two other vehicles, killing 18 individuals, among them Lieutenant Lorenzo Cortes Estrada. This action also took place in Nueva Segovia. "We expect to increase our military operations in the next few days with the units that still have sufficient ammunition to fight," Arana said. The FDN spokesman added that "our situation in Nicaragua is very difficult, and we are surviving thanks to the generosity of the peasants who are supporting us." In conclusion, he said that unless we receive the right amount of international aid immediately, "our situation is going to be much more difficult becasue we have approximately 20,000 fighters who are facing serious logistic problems and whose ammunition supplies are barely one-third of what they should be."

'DANGEROUS TONE' ALLEGED IN REAGAN CONTRA SPEECH

FL171348 Havana Tele-Rebelde Network in Spanish 1100 GMT 17 Mar 86

[Text] Washington -- U.S. President Ronald Reagan has launched a furious and warlike attack on the Nicaraguan Government, which he described as a mortal threat to the entire world, in a speech televised to the entire country, the object of wich was to persuade citizens to pressure their congressmen to approve new military assistance totaling $100 million for the anti-Sandinist counterrevolution.

Last night Reagan made the most wandering and vile statements against a constitutional government, without presenting any proof in support. Among the false statements he made, the U.S. leader said: Warsaw Pact engineers are constructing in Nicaragua a Soviet submarine base and the largest air base in Central America. Using a map, Reagan said that the Nicaraguans have supplied arms to groups in Honduras, Costa Rica, El Salvador, and Guatemala and have assisted extremists in Colombia, Ecuador, Brazil, Chile, Argentina, Uruguay, and the Dominican Republic. But the most spectacular act was when he put in the Sandinists' mouths the sentence: "The road to victory passes through Mexico."

The dangerous tone of the speech was marked by Reagan last night when he expressed disappointment that former President Kennedy was not able to arrest communism in Cuba. He said: The greatest tragedy would be to actively maintain now and permit the Nicaraguan cancer to spread, forcing my successor to make more difficult decisions in the future.

Aid 'Intolerable Interference'

FL171634 Havana Radio Reloj Network in Spanish 1421 GMT 17 Mar 86

[By Andres Rodriguez]

[Text] U.S. President Ronald Wilson Reagan made a televised speech yesterday against Nicaragua. From our point of view, the result of his long-winded speech is that he is continuing his campaign in favor of aid for the Nicaraguan counterrevolutionaries in rhetoric whose main thread is invariably that U.S. security is threatened by Nicaragua. It is worth remembering that the White House's principle inclination has been demonstrated during its long, virulent campaign for congressional approval of aid to the Nicaraguan mercenary groups.

Since his request for aid to the Nicaraguan counterrevolution on 25 February, Reagan has said that the request is a high priority for U.S. security. Since then, this has been his main argument in addressing the public, saying that communism has taken root in Nicaragua, which makes that country, situated at the threshold of North America, a threat to U.S. security. With this argument he is trying to manipulate the prejudices and rigid ideas that have permeated a significant segment of the U.S. public and Congress so that aid can be approved, which, from the point of view of international law, is intolerable interference in Nicaragua's domestic affairs.

Sasser Speech Noted

PA171710 Havana International Service in Spanish 1600 GMT 17 Mar 86

[Text] U.S. President Ronald Reagan has launched a furious attack on the Nicaraguan Government, which he called a mortal menace to the entire world.

In a nationwide televised speech last night, the objective of which was to persuade public opinion to pressure Congress to approve $100 million in aid for the Somozist gangs, Reagan accused Nicaragua of supplying arms to groups in Guatemala, El Salvador, Honduras, and Costa Rica and contributing to subversion on the rest of the continent.

Replying to the presidential address on behalf of the Democratic Party, Senator James Sasser said that Ronald Reagan is adopting military optionsin Nicaragua without having exhausted peaceful paths to resolve the conflict. Sasser said that his party rejects the characterization of the counterrevolutionary fighters as freedom fighters and affirmed that most of the members of these gangs fought against freedom as members of the hated Somozist regime security forces.

Meanwhile, the weekly NEWSWEEK pointed out initsits latest issue that in the event that Congress approves this aid, the United States would send some 50 military advisers to the Nicaraguan counterrevolutionary gangs.

U.S. ENVOY HABIB COMPLETES TOUR OF AREA

PA172357 Havana International Service in Spanish 1600 GMT 15 Mar 86

[Text] With his visit to Costa Rica, Philip Habib, U.S. special envoy for Central America, has ended his first tour of the region seeking support for Washington's request to finance the Nicaraguan counterrevolutionaries. Ina brief meeting with local and foreign reporters in San Jose, Habib reiterated that the U.S. Government conditions any dialogue with Nicaragua to the start of negotiations between Managua authorities and the counterrevolutionary bands attacking the Nicaraguan people.

Coinciding with Habib's visit, Costa Rican Foreign Minister Carlos Jose Gutierrez has said that his government does not view the recent border agreement with Nicaragua as binding.

In his tour Habib also visited El Salvador, Honduras, and Guatemala, where he met with the presidents of those countries, describing the talks as friendly.

Visit Seen as 'Pressure'

PA171238 Havana International Service in Spanish 0000 GMT 14 Mar 86

[Commentary by Norberto Hernandez]

[Text] While the U.S. President waits for the results of his efforts to secure from U.S. Congress more aid for counterrevolutionary bands, he is intensifying the pressure on various Central American governments to obtain support for his demands. The fact that this policy is being reaffirmed was made evident this Wednesday withthe visit of Philip Habib, the new personal representative of the U.S. President for Central America, to four countries of the region.

At the government palace of San Salvador, the first stop on his tour, Habib told reporters that if the Nicaraguan Government were to talk with the mercenaries the United States would renew its bilateral talks with Managua. The maneuver is clear. The U.S. President has sent his representative to the Central American area in an effort to quiet the wave of criticism against his request for $100 million, a request leading to a growing militarization of the conflict.

Referring to Habib's tour, Nicaraguan President Daniel Ortega said that the visit is nothing but a means of complementing President Reagan's terrorist policy against Nicaragua. Explaining this opinion, Daniel Ortega said that by sending Habib to Central America, the U.S. President is trying to make international public opinion believe that he is interested in a negotiated solution.

On more than one occasion the Sandinist government has said that it will not negotiate with the terrorist bands and that it will not talk with the U.S. Government either so long as it persists in giving military aid to the counterrevolutionaries.

In his statements of Wednesday on the occasion of the visit to Managua by Guatemalan Vice President Roberto Carpio, the Nicaraguan president said that the $100-million request is immoral, antijuridical, and illegal.

The U.S. special envoy is aware of Nicaragua's firm position. For this reason he has gone to the area to seek the unconditional support of El Salvador, Honduras, Guatemala, and Costa Rica, but especially of the two latter countries, which have lately adopted constructive positions.

GUANTANAMO BASE MODERNIZATION 'PROVOCATION'

PA130412 Havana International Service in Spanish 2300 GMT 12 Mar 86

[Station commentary]

[Text] The Reagan administration has asked for $2.6 million to modernize the naval base it maintains illegally in the Cuban territory of Guantanamo. This amount is included in the voluminous budget the White House is asking for next year, consisting of $1.2 billion for military installations abroad. The plans to modernize Guantanamo's naval base are definitely an act of provocation aginst Cuba, because our people reject the usurpation of a piece of their territory by U.S. troops and demands the unconditional withdrawal from the enclave. This demand has the support of the Nonaligned Countries Movement and all the progressive forces in the world.

Guantanamo's naval station is the product of Washington's insatiable depredation policy. Its construction was imposed on our country as part of the heinous Platt Amendment, a shameful clause inserted in our first republican constitution, approved in the midst of the Yankee occupation.

The victory of the Cubans over the Spanish colonial army was curtailed by the Spanish-American War, the first imperialist conflict, as Lewis termed it. The U.S. forces which occupied the country established a Yankee military government and managed to interfere with our birth as a free and independent state. The nefarious presence of the Guantanamo naval station, established by an agreement signed with the authorities of the time, is the stark legacy of the alleged benefits meant for Cuba by being associated with the northern metropolis.

Since January 1959 Guatanamo's naval station has been a starting point of the most diverse provocations against the Cuban people. The Yankee soldiers stationed there have not only offended us, they have even killed several Cuban watchmen. However, Cuba has never given up its principles, and it has managed to overlook these provocations aimed at causing a conflict to be used as a pretext for military actions against our country.

The U.S. Government's recent decision to reinforce Guantanamo's naval station is no doubt part of the policy of hatred promoted by Ronald Reagan against the Central American and Caribbean countries and which is bound to be a total failure. The Cuban people reject such blackmail; they do not surrender to any type of pressure, and they reiterate their patriotic and internationalist will and their determination to defend the revolution to the end. No matter how much it invests in Guantanamo's naval station, imperialism will never subdue the fighting and victorious spirit of Marti's fatherland.

RODRIGUEZ MEETS FORMER VENEZUELAN PRESIDENT

FL150354 Havana Radio Reloj Network in Spanish 0317 GMT 15 Mar 86

[Text] Politburo Member Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, met today in Stockholm with former Venezuelan President Carlos Andres Perez, vice president of the Socialist International. Rafael Rodriguez is heading the official Cuban delegation to the funeral of late Swedish Prime Minister Olof Palme. The funeral will be held tomorrow in Stockholm.

In a fraternal atmosphere, the two leaders analyzed Latin American problems, especially the situation in Central America. The two leaders also discussed matters related to the foreign debt and stressed the urgent need to solve that pressing problem.

BRIEFS

AMBASSADOR TO ETHIOPIA APPOINTED -- The Council of State has appointed Comrade Antonio Perez Herrero ambassador extraordinare and plenipotentiary to Ethiopia. Comrade Perez Herrero is a Central Committee member and member of the National Assembly of the People's Government. [Text] [Havana Radio Progreso Network in Spanish 1100 GMT 17 Mar 86 FL]

CARICOM TO STUDY CBI, TCF AT JULY SUMMIT

FL161735 Bridgetown CANA in English 2324 GMT 15 Mar 86

[By Rickey Singh]

[Text] Georgetown, Guyana, March 15, CANA -- If all goes well, next July's Caribbean Community (Caricom) heads of government summit here will have before it important studies on Washington's two-year-old Caribbean Basin Initiative (CBI) and a proposed regional Trade Credit Facility (TCF). Both matters engaged the attention of the 1985 summit in Barbados last July, when the Caricom Secretariat was mandated to undertake a review of the CBI -- a U.S. trade and investment plan to help stimulate Caribbean and Central American economies -- second highest decision-making forum in the community -- is expected to be apprised of the status of both studies when it meets in Georgetown March 23-26. It was regional dissatisfaction with how the CBI has worked that triggered the study on the scheme.

Before the CBI came on steam in January 1984 under the Caribbean Basin Economic Recovery Act of August 1983, a high-level technical group of regional experts headed by Trinidadian economist Frank Rampersad had prepared the Caribbean's position on what was originally conceived in 1982 to be a multi-donor, three-pronged programme of aid, trade and investment.

Mexico, Canada, and Venezuela were, in accordance with the spirit of a meeting in Nassau, Bahamas, between the foreign ministers of these countries and then U.S. Secretary of State Alexander Haig, to have been involved with the United States in a multi-lateral effort to implement a so-called mini-Marshall plan to assist in providing the required infrastructure and in stimulating increased investment and production in the Caribbean.

In addition to all Caricom member states, it was envisaged that countries like Haiti, Dominican Republic, and Suriname would also have been part of the proposed scheme for multi-donor development financing. The Rampersad committee came up with initial proposals calling for U.S. 580 million dollars in emergency aid in 1982 and around U.S. 4.7 billion dollars over the period 1982-86.

The original Caribbean position on the CBI had noted that many of the region's governments were now unable to meet their current expenditures out of current revenues and have large balance of payments deficits...

When U.S. President Ronald Reagan finally made known the specific proposals of his CBI, however, the scheme fundamentally differed from what the Rampersad committee had in mind, with its character being that of a unilateral programme as proposed by the United States for the Caribbean. Essentially, the CBI, as announced in 1982, came up with an aid package of U.S. 350 million dollars in supplementary appropriation for some 21 designated countries, excluded left wing Guyana, Grenada (then under the Marxist Maurice Bishop government), Cuba, and Nicaragua, offered proposals for new investments, and had, as its centrepiece, a one-way duty-free access to the U.S. market for 12 years.

As Caribbean governments and the region's business community came to realise when the CBI's recovery act was implemented, the estimated 13 per cent of products from the Caribbean not already enjoying duty-free access to the U.S. market, represented those commodities that in fact traditionally constituted the bulk of regional exports to the United States. They include textiles and apparel articles that alone represented about half of the 13 per cent of products not entitled to duty-free access.

Also excluded from duty-free access were footwear, handbags, luggage, tuna, petroleum products, watches and watch parts, white sugar, a vital export from the region, was subjected to the vagaries of a global quota system. Growing disenchantment with the benefits from the CBI eventually led Caricom governments to seek the review.

Subsequently, the Canadian Government was to announce its own version of the CBI for the region. To be known as Caribcan, its details are still to be ironed out with beneficiary countries. Last month, while nine Caricom heads of government discussed with President Reagan in Grenada U.S.-Caribbean economic relations, with particular emphasis on the operations of the CBI, the Caricom Secretariat was in touch with regional experts who will be involved in the mandated review of the CBI.

The core of the technical group undertaking the review will be drawn from the members of the first group that had prepared the original Caribbean position on the CBI, according to Caricom Secretary General Roderick Rainford.

In a document that was prepared for the sixth Caricom summit and advocating a review of the CBI, it was noted that the CBI is a 12-year arrangement and so maximum benefit depends critically on early modifications of, or adjustment to, any element which might require such modification or adjustment. Such elements can be identified only on the basis of a rigorous analysis of performance of the arrangements; of the areas omitted from the arrangement and of the current circumstances of the beneficiary countries...

According to U.S. statistics, imports into the U.S.A. from CBI countries grew by six per cent in the first year (1984) of the CBI. But by 1985, there was a sharp drop, approximately twenty (20) per cent, in overall imports from the region, although non-traditional items grew by five per cent. In contrast to the level of aid originally envisaged by the Caribbean's technical group in 1982, U.S. economic assistance has been averaging between US350-438 million dollars, with the major beneficiaries being the Dominican Republic, Haiti, and Jamaica.

U.S. economic assistance to the entire eastern Caribbean, including Barbados, totalled U.S. 113.2 million dollars in 1984 (much of it to Grenada), and has since dropped to approximately U.S. 59 million dollars for 1985 and U.S. 54.7 million dollars for 1986. Allocations for Jamaica were: U.S. 108 million dollars for 1984, 154.5 million dollars for 1985, and 109.9 million dollars for 1986.

The Secretariat's work to complete proposals for the creation of a Trade Credit Facility is taking place against the background of the collapse of the Caribbean Multilateral Clearing Facility (CMCF), a trade repayment mechanism that was effectively wrecked by 1983 by Guyana's heavy borrowings.

The proposed TCF, however, will be significantly different fromthe CMCF, according to what's now being put together by the experts for, first, the consideration of Caricom finance ministers by May, and finally for the summit.

The TCF, for example, unlike the U.S. 100 million dollar CMCF, is expected to have a legal status, with participating governments as shareholders and with operational funding being sought from international agencies. Credits would be made available largely to boost extra-regional exports and to make such exports internationally competitive.

While the CMCR operated through the region's central banks the TCF is expected to be operated out of the Barbados-based Caribbean Development Bank (CDB), which was involved in the formulation of the original draft, first circulated to Caricom governments in February 1985.

ANTIGUA-BARBUDA

BIRD ON NEED FOR INCREASED U.S. ECONOMIC AID

FL171530 Bridgetown CANA in English 2151 GMT 16 Mar 86

[Text] St Johns, Antigua, March 16, CANA -- Antigua and Barbuda has put forward a strong case to the United States Government for increased economic assistance, according to Deputy Prime Minister Lester Bird. Bird, just back from economic and trade talks in Washington, said his delegation complained about the level of official development assistance which the country is receiving from the United States.

Bird said that in its discussions with top U.S. Government officials the delegation, which included Minister Without Portfolio Hugh Marshall and Ambassador Edmund Lake, explained that some procedures were unnecessarily complex and therefore hurtful to the twin-island state. We emphasised that we will be unable to make effective use of the opportunities for accessing the U.S. market with exports under the Caribbean Basin Initiative (CBI) unless we were provided with real assistance to build up infrastructure -- such as factory shells, roads, telephone expansion -- necessary for attracting new private sector investment, bird said. He said they pointed out that in 1986 government has produced a budget which is almost balanced -- projecting a deficit of only just over 600,000 -- but have introduced measures to increase revenue and to curtail spending. However, Bird said his delegation stressed that the government will not be pressured by anyone to dismiss existing employees in the public sector.

Bird, who is also the country's foreign affairs minister, said they also drew attention to the fact that throughout the last eight years, we have experienced annual real growth in the economy, whereas in both developing and developed countries there has been recession and retardation of growth. The rising tourism figures as well as increasing tourism spending in the country have constituted the engine of this growth, Bird said.

He said too that it was agreed that a team from the United States Agency for International Development (USAID) should visit Antigua in early April to continue the talks with the government.

At the political level, Bird said he is convinced that the visit was worthwhile simply because we were able to sensitise important and influential senators and congressmen to some of the real problems being experienced with the delivery of U.S. assistance. These figures, he said, are now able to monitor the process for themselves and can ensure that decisions which they take at the political level are implemented at the technical and official levels.

GRENADA

BLAIZE ON NEEDED AID TO COVER BUDGET SHORTFALL

FL161715 Bridgetown CANA in English 2135 GMT 15 Mar 86

[Text] St Georges, Grenada, March 15, CANA -- Grenada is banking on foreign aid, mainly from the United States, to account for the EC18 million dollar shortfall in this year's recurrent budget of EC126 million dollars, Prime Minister Herbert Blaize has said.

As to the amount (from the U.S.), it is not yet settled but we exepect other countries to help (with the budget deficit), Blaize, who is also minister of finance, told reporters. The government has budgeted for EC108 million dollars in recurrent revenue in this financial year.

The 1986 budget of EC236.4 million dollars envisages capital spending of EC110.4 million dollars. The United States Agency for International Development (USAID) provided most of the EC27 million dollars deficit in last year's Grenada budget.

HAITI

GOVERNMENT TO HOLD ELECTIONS 'SOME TIME' IN 1987

FL171438 Bonaire Trans World Radio in English 1130 GMT 17 Mar 86

[Text] Haiti's new government says it will hold elections some time in 1987. Haiti's Government gave that assurance to a group of international labor leaders representing American, Canadian, and international trade unions. The group went to Haiti last week to meet labor officials and to report on living conditions in the country. A spokesman for the group said salaries, working conditions, and lifestyles in Haiti are among the most miserable in the world. He said the conditions are intolerable and must change. He also said that government, church, and labor leaders in Haiti have indicated they are satisfied with the unofficial timetable for elections.

JAMAICA

SEAGA ANNOUNCES FUNDING PROGRAM FOR EXPORTS

FL161720 Bridgetown CANA in English 2232 GMT 15 Mar 86

[Text] Kingston, Jamaica, March 15, CANA -- The Jamaica Government is developing a funding programme to help exporters here in their market analyses and product promotion strategies, particularly in the American market place, Prime Minister Edward Seaga announced. Seaga spoke of the scheme, labelled Jamexport, last night when he opened Expo 86, a biennial trade fair put on by the exporters and manufacturers associations. The prime minister did not flesh out how the programme would work, saying that would come at budget time, but disclosed that it was being developed in conjuction with the U.S. Agency for International Development (USAID). This facility will allow the export sector to finally begin to acquire the expertise and marketing intelligence that will break the last remaining barrier to the United States marketplace, Seaga declared. The programme would complement funds for technical assistance, an incentive grant scheme and pre and post shipment credit facilities set up recently to remove bottlenecks to export production.

The Seaga Government has been carrying through a major structural adjustment of the Jamaica economy, dismantling home market protection and other regulations in a bid to create export-led growth. The local dollar has also been sharply devalued to make Jamaican goods more price competitive. Despite the hurt caused domestically by some of the policies, the government has contended that Jamaica is becoming leaner and fitter and in better shape for international competition. The country is now geared for take offi, the government says. At Expo 86, 150 Jamaican companies have their services and products on display at Kingston's national arena, hoping to impress buyers from the Caribbean, Europe and North America who have come to the exhibition. In recent months the business sector, which had been sharply critical of Seaga's policies has been less strident, with entrepreneurs more confident of being able to spur production. The relative stability of the Jamaican dollar since last November following government's strong intervention to halt a rapid slide, has also helped to build confidence. At least you can plan will a little more certainty now, and despite the many shortcomings we still have to deal with we are hoping for better performances in the future, a senior official here said. [sentence as received] We are hoping that Expo 86 will be a sort of a showing of the way.